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The Mysore Economic Journal

A MONTHLY PERIODICAL

Devoted to the Discussion of all Economic Topics of Interest

Edited by

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B P GOYLE, B.A.,

Manager, ' CAREERS ', LAHORE

The Mysore Economic Journal

A Monthly Periodical devoted to the Discussion of all Economic Topics of Interest

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No. 1

Parliament and India.

By The Editor.

This number of the *Journal* begins its twenty first volume. The past year proved a difficult one for India, what with the trade depression raging all round us and the continued delay in the announcement of the long talked of Constitutional changes. The Joint Committee Report has at last been issued but it has not had the calming effect that one expected from a gift from the so called National Government. The British Cabinet has lost a golden opportunity in reconciling India to England. Britain has still to find her Durham for India if she has to satisfy India and make Indians believe that she means well with her.

Internally people do not yet show any tendency to settle down to the work before them. It is still one of winning Swaraj. This is deplorable, for the energies of the nation are being diverted into channels which might well have been avoided if Diehardism had been less virulent in its tendencies and acts. Irwinism is dead and as for Lord Willingdon, he has been left alone by the British Cabinet to make what he could of the situation. A friendly, contented and willing India may mean much to British—in peace or war—but who is to teach the Conservative rank and file the truth of this oft repeated slogan? Britain has allowed herself to be beaten by her own nationals. That is a sad but true reflection.

The Congress party is slowly evolving its programmes and policies. Whatever may happen it is clear that it means quite a different business this time. Its ideal is the same but its policy is far different. It means to remain the permanent Opposition to Government and what that means need not, perhaps, be stated. The duty of the Opposition said a great Parliamentarian on a memorable occasion, 'is to oppose'. It has no duty to show the way but only to point to

the moral. That the Congress is determined to do. The situation is a piquant one but it laughs best who laughs last.

In Indian India the conditions are not in any means static. There is movement in the dry bones of the valley. Fed for long in the belief that change cannot reach them they had become the very homes of the old order. But recent events have brought about a ferment. Even those who had not come under the spell of outside cultural influences have felt the new stir. There is a new life throbbing in the people of the older less advanced States and that is all for the better. In the more advanced States the conditions do not differ very much from what they are in the British provinces. The people are quite alive to what is happening around them and are impatient of control. The task of satisfying their aims and ambitions still remains to be tackled in a statesmanlike spirit. The problem here as elsewhere is how to square governmental control with popular wishes. Government is after all a contrivance of human wisdom to provide for human wants and it behoves every Government to be a step ahead of the popular movement. If governments exist only for the good of the people then it is up to them whether in British or Indian India to note that their true function consists to-day in seeking the co-operation of the people in all things and in every possible way.

Reflections like these occur to us as we study the situation before us. It would be a great pity if the people and the government wait each its own way. The immediate future of this country requires a settled programme of development. Much misery that prevails can be easily avoided if only people and government worked together. The people of this land have been brought up in a creed whose central idea is toleration. There can

be no question of it if they are given a chance they will treat Britain kindly only. Disbelief, distrust and dislike for a real advance are likely to leave a wrong impression, especially on a sensitive race. The suddenness with which the Dominion Status ideal has been pushed back has unnerved even the stalwart Moderates of India. They stand to be wiped out as a class if the Joint Parliamentary Committee Report is to be sustained in the final legislative stages. The young Liberals are out for a war against the older heads and if their new creed is adopted the distinction between Moderates and Congress' will have ceased to exist. This unification of political views need not prove a disaster to the land if with the obliteration of differences between the two parties the country becomes united both in its ideals and action. *The course that things will take in India will*

be as elsewhere. One need not be surprised at that. Ambitions have been created whose realizations cannot be denied to the people. Desires have been generated in them which cannot be set aside. And ideals have been placed before them which cannot be thwarted. And it was a great Englishman who said—If it is asked what is the improper expectation in which it is dangerous to indulge, experience will quickly answer that it is such expectation as is dictated not by reason but by desire—in expectation that requires the common course of things to be changed and the general rules of action to be broken. So observed Johnson, perhaps one of the greatest Englishmen who had the capacity to observe and to expatiate on matters mundane. Democracy is bound to run its course here in India as it has elsewhere.

The Breakdown of Money.*

By John Hammond, M. A.

So many views have been expressed about money and the collapse it has suffered in recent times that a Christian exposition of it may not prove uninteresting as much to the economist as to the layman. Such a book Mr. Christopher Hollis has produced. His indictment is not a severe one considering the conditions under which he is writing. To day the Christian spirit—the spirit that recognizes the Fatherhood of God and the brotherhood of man—is absent not so much as between individuals as between the nations of the world. H. H. The Pope has again and again admonished on the un-Christian spirit prevailing among the nations of Europe. But it is deplorable how each conference intended to bring the nations of that hapless continent together has failed again and again. The World Economic Conference, the World Monetary Conference, the Disarmament Conference—all of them have failed and failed miserably. Life has been given to victory—a victory which has brought no peace to the nations that fought so bitterly against each other. They have lost the way leading to the sea and they will not make the river their companion. If they would but make the League their true guide things would move more safely towards a solution. With all its shortcomings the League shows the way to mutual concord and friendship among the nations of a world that has lost its moorings. To it the conquerors and the conquered are the

same to it both are victors and both are among the defeated, and to it is given the duty to lay down the law, provided they act as willing people who will receive it at its hands. But though the League is there, the nations are still behaving as if they were unwilling schoolboys who will not listen to the truth. So long as this spirit continues, there is no hope left for the nations. The Gilean cannot be said to have conquered the West yet and the miserable plight of its nations will not see its end.

Remedies during such a stage as this can only prove palliatives. We say this not as believers in pessimism but as trusted advocates of the doctrine that economic peace is impossible so long as political warfare has not been laid to rest finally and for ever. Who says the War ended years ago? He tells a lie who avers that peace has been in the land for a decade and a half. There is misunderstanding, misdirected energy and mischievous talk everywhere. So long as this continues who can deny that the nations have lost faith in the Christian Revelation and with it their key to life and action. The so-called pagan world is bound to laugh at them and quote with some justice the famous phrase of Tertullian. See how these Christians love one another. How one wishes the case was different and the

* *Breakdown of Money* by Christopher Hollis (Speed & Ward 4s 6d)

history of every individual Western nation, in the recent past had been a Bible! That however is not to be just yet.

And that is the reason why books like that of Mr. Hollis have come to be written. They are at once a chastisement and a warning but will even they be heeded or only criticised and thrown on the dung heap? It would be a pity if that were so. Why should there be this poverty in plenty? The nations have produced no little in the past fifteen years and yet millions of people the world over live without the money to enjoy them. Burning of wheat and throwing of produce into the sea have been proposed as remedies to aid further production. Consumption has ceased to function and production is being disabled. Mr. Hollis tells us what has happened to money and how it has all come about and why a new system should be brought into existence if chaos is to be replaced once more by something like order. If purchasing power is to be re-established and if production is to go on uninterrupted for the good of mankind the Banks should be allowed to function. That is the gist of his contention. He is hard on the Bank of England and of its strong hold. Can money be allowed to find its own level to day? That would mean that we are here only to equip our competitors and arm our enemies while pauperising our own people. The Bank's control of money has brought

about an impasse which is well nigh impossible to get over. They are, as Mr. Hollis points out, inventing money out of nothing and muleting the community by doing so. If that power was taken away and the Government functioned in their place there would neither be the tyranny of the Banks nor the opportunity created for them to pile up the National Debt. Mr. Hollis suggests that the home market is more important than the foreign and how the rebuilding of the purchasing power of the nation is the most important thing to lay down. Once that power is restored to the people commerce would be on its legs again and the nations would be saved. Mr. Hollis in his wide sweep covers a large field—the Douglas Scheme which he dislikes, the Roosevelt reconstruction policy, the Rivera rule in Spain and many other happenings in the recent past afford him themes for drawing the moral. He writes as a Christian and a believer and there is both nerve and suggestion in his book. His interpretations may not prove convincing to one and all but there can be no question that he is both sincere and serious in putting them forward. Catholic to a degree he is not without interest to those outside of Europe who see more of the picture than the inside of it. A book symptomatic of the times and typical of the lost Christian spirit.

The Sericultural Industry in Mysore has suffered severely during recent years owing to the prevailing depression in trade and to the dumping of cheap foreign silks in the Indian Market. The problems relating to Sericulture—from the cultivation of mulberry to the marketing of the finished product require prompt and continuous attention if whatever advantage, if possible is to be taken of the protection afforded to the Industry by the Act recently passed by the Government of India and which is to be in force for only five years. A resolution passed at the Third Mysore Provincial Sericultural Conference held at Chennarayana on the 26th November 1933 also urged upon the Government of Mysore the appointment of a Committee of officials and non officials to prepare a programme of work for the improvement of the Sericultural Industry in Mysore. In view of the great importance of the Industry to the State and its present perilous condition, Government consider it desirable that a Board of Sericulture should be formed to study all

problems relating to sericulture make suggestions and co ordinate the various activities connected with the industry.

* * *

If the experience of Harvard University is that of other colleges the college students are not doing a great deal of drinking especially if beer says a writer in the *Advertiser* of Boston. It is reported that the University spent a tidy sum putting in equipment for this but up to date students have not consumed enough to pay expenses let alone dividends. We wonder after all if the stories about the drinking of college men under prohibition were not greatly exaggerated like other stories about the drinking habits of high school students and women. A number of reliable college men in New England representing a former generation hold that there is much less drinking among college men these days than when they were in college. This would seem to harmonize with the report of beer selling at Harvard.

The Economic Recovery of India.

By Prof. P. J. Thomas, Madras University.

During the last four years India has had to face a very difficult financial situation. Our foreign trade in merchandise fell from Rs. 558 crores in 1929-30 to Rs. 271 crores in 1933-34—a fall of 52%. Such a sharp decline in trade was bound to have its injurious repercussions on the revenues especially of the Central Government which depends on customs duties for two thirds of its tax revenue. The tax revenue of the Central Government soon declined and the non tax revenues fell from Rs. 19½ crores in 1929-30 to Rs. 5½ crores in the last financial year. A fifty per cent fall of prices in the course of 15 months embarrassed the private purse even more than the public fisc. rudely disturbed the relation between income and contractual obligations and largely increased the real burden of taxes, debts and other fixed charges. Thus purchasing power broke down consumption slackened and the economic position of the country rapidly deteriorated. It may be added also that a surging political unrest aggravated the situation and reacted injuriously on trade and finances.

GOVERNMENT'S BUDGETS UNBALANCED

Soon after the crisis started the Government of India took stringent measures for balancing its budget and for maintaining the credit of the country. Firstly, a bold scheme of retrenchment was carried out both in civil expenditure and in military and the latter which stood at Rs. 55.10 crores in 1929-30 (and much more in previous years) was cut down to Rs. 44.33 crores in the current year's estimates—a feat of no mean order. Secondly, a large enhancement was made in the rates of customs duties and income tax. Undaunted by the crumbling incomes the rates of income tax were increased by 80% since 1929-30 and the lower taxable limit was pushed down from Rs. 2,000 to Rs. 1,000. In spite of a growing tendency to diminishing returns in many items of customs revenue, duties were further raised partly with a view to fuller protection. The magnitude of these enhancements will be clear from the fact that while import duties brought in only Rs. 41 crores in 1929 when the total value of imports stood at Rs. 240 crores the revenue from import duties for 1932-33 was maintained at the same figure although the value of imports had fallen to Rs. 136 crores (by 44%), and that even in the last financial year when

imports fell to Rs. 110 crores (51%) a custom revenue of Rs. 35 crores was realized from imports. Thus, in spite of a heavy fall in taxable capacity, tax revenue has been kept up and the estimates for the current year are four crores more than the actuals for 1930-31.

Not only has Government met its normal financial needs. It has also made provision for deduction and avoidance of debt, on a larger scale than in the prosperous days before the slump. In 1923-24, the sinking fund provided for was only Rs. 3.62 crores, but in the years 1931-32 and 1932-33 when the financial position was growing worse, a sum of Rs. 6½ crores was provided annually for the deduction and avoidance of debt. Yet the unproductive debt had hardly increased in the meantime. The result is that in a period when budgets even of the most powerful countries were unbalanced India has had balanced budgets and the country's financial position has grown from strength to strength. The credit of Government improved and a beneficial conversion programme was carried out. Today, India is able to borrow at rates lower than those at which even France and Japan can borrow. The marvellous improvement in the Government's credit can be seen from the fact that the 3½% paper which stood at 53 in September, 1931, stands at 90 now, and that the Indian 3½% sterling securities which stood at 46 then stands at 97 now.

It must be admitted that this great improvement in financial position was largely due to the copious outflow of gold. Since England went off gold yellow metal worth Rs. 200 crores has been exported from the country. In other words what was lying as barren metal was mobilized to serve in a time of need. Thus not only helped in the remittance programme of Government—which was much inconvenienced by the drastic reduction in the favourable balance of trade in merchandise—but also enabled Government to make extra purchases of sterling to serve as assets for the Reserve Bank when it is established. Thus India is in a position to launch forth that long expectant institution to which may now be entrusted our currency and credit.

PRIVATE BUDGETS UNBALANCED

But it is well to remember that Government's budget was balanced by unbalancing private budgets to a large extent. The higher

income tax assessments placed impediments on business and the enhanced tariff duties cut down imports and curtailed consumption. Indeed some retrenchment was carried out, but that was at the expense of employment and purchasing power. The Government's railway policy brings this out. For three years ending 1923-30 the total works expenditure on Indian railways amounted to Rs. 124 crores or Rs. 41 crores annually, but in the last three years (1931-32 to 1933-34) the total outlay fell to Rs. 27 crores, or Rs. 9 crores annually. If we take capital expenditure alone the fall was from Rs. 101 crores in the first period to Rs. 6½ crores in the second. The expenditure on new constructions which was Rs. 10 crores in 1927-28, fell to Rs. 57 lakhs and Rs. 22 lakhs respectively in the last two years. This curtailment was partly due to a wise change of policy, but it is in sad contrast to the salutary practice now becoming recognized that new capital expenditure must be undertaken in the downswing of the business cycle and slowed down in the upswing. The provincial governments have also cut their public works expenditure to the bone. The total provincial outlay which amounted to Rs. 9.3 crores in 1928-29 fell to Rs. 5.4 crores in 1932-33—a fall of 41% and the expenditure not charged to revenue (excluding Burma) fell from Rs. 97 lakhs to Rs. 6 lakhs—a fall of 94%. The local authorities also followed a similar policy. The severe cut in employment that this has caused can be gauged from the fact that in the case of most works 50 to 70% of the money spent goes directly to labour and that even the rest goes indirectly to labour as a growing proportion of the stores is purchased in India. Let us remember that this happened at a time when agricultural incomes were rapidly falling owing to the slump when remittances of labourers from estates at home and abroad were ceasing and when emigrant labourers were being repatriated owing to lack of work on the plantations in Ceylon and Malaya.

The cumulative result of all this was the setting in motion of a vicious downward spiral, with all its evil consequences—diminishing incomes, falling consumption, dwindling business and growing unemployment. How to convert this downward spiral into an upward one of economic recovery?

INFLATION NO CURE

Critics of Government unfortunately concentrated on the exchange ratio but currency manipulations are either ineffective or risky

in the present circumstances especially of India. As Keynes put it, "You cannot get fat by buying a larger felt." An increase of currency can only be effective if it is accompanied by an increase of spending power in the pockets of the people and spending power can only increase by expanding employment. The initiative for expanding employment must at the present juncture come from the public authority. This fact has been fully realized in most of the Western countries and they have largely increased their expenditure on public works since 1929 and some of them have preferred to keep the budget unbalanced in order to maintain purchasing power and employment. Dr Dalton, one of the leading authorities on public finance recently wrote, "In some circumstances a balanced budget is a pedantic luxury, which a community hard pressed by sudden and exceptional misfortune can ill afford. To most countries since 1930 an unbalanced budget was a dire necessity but Italy and Sweden which could have easily avoided it chose that path with a deliberate purpose. They found by experience that the primary and secondary employment resulting from public works expenditure could enable the country to resist the depression effectively."

The Government of India has creditably maintained its finances during the depression, and it is now time to launch on a scheme for increasing the purchasing power of the people. Private enterprise will take time to revive and Government has to create an environment for enabling it to revive. The relief of rural debt and marketing schemes will do much good, but their effects on purchasing power will be gradual. For lifting the country from the lough of depression a more active effort to inject purchasing power is needed and that is best undertaken by launching on a programme of public works. I am not here recommending anything like the N.R.A. nor any orgy of reckless spending is needed for stable recovery in a country like India. All I suggest is that the Governments in India should at least raise their expenditure on public works at least to the levels maintained by them before the slump and if possible must increase their outlay in view of the growing needs of trade and industry. Government is the largest single employer in this country and has a heavy responsibility especially in times of depression. Western governments have a much lighter responsibility in this respect. Yet they have maintained their public works

expenditure and many of them have considerably increased their outlay recently as private enterprise had languished.

In many ways the conditions of India are specially favourable for a forward policy in regard to public works expenditure. (1) In several Western countries most of the essential works of public utility have been carried out and there is little scope for remunerative new works but in most parts of India there is a large scope for carrying out works which are directly or indirectly remunerative. The country is in need of roads, bridges, irrigation works of all kinds, reclamation of waste lands and water logged areas and erection of earth works for protection against floods. Many parts of the country are still in need of drinking water, light housing and drainage. In these circumstances public works will not only give a stimulus to economic activity but will protect the country from debt disease and drought. More village roads will increase economic equipment and improve marketing facilities and will also enhance Government revenue. (2) The leading Western countries are heavily burdened with dead weight of debt—a legacy of successive wars but India's public debt is not too heavy and the bulk of it is covered by first rate assets. An unproductive debt of only Rs. 205 need not discourage India's efforts at increasing her outlay on capital works. (3) Those who are employed in such works will consume more food stuffs and textiles and this is especially true of India with its ill fed working classes. A country where only 15 pounds of sugar (including 1 lb) and 15 yards of cotton cloth are consumed per head per annum must have a large scope for the expansion of consumption and consequently for an increase in production. Therefore the labourers first employed in public works will soon be absorbed by private industry and business. When employment increases in industry there will also be more openings for educated young men in clerical services. (4) Prices will rise gently but not sharply, and primary products will share in the rise and thus reduce an injurious disparity. (5) There cannot be a more opportune time than the present for undertaking works of public utility. Government's credit stands high, interest rates are low, there is plenty of idle money and there is no lack of cheap labour. The depression has reached the bottom and this is just the time for action.

A MADRAS EXAMPLE

A hundred years ago there was a similar depression in the Madras Presidency, and it

was lifted as a result of the programme of irrigation works and road making carried out by Government—a policy which was greatly due to the wisdom and foresight of Sir Arthur Cotton, the engineer. The Public Works Commission of 1850 admitted that a vast stimulus was given to industry and production by the employment of labour and circulation of capital. Thus of old Madras showed an example to the rest of India, may we hope that history will repeat itself? Financially Madras is the best equipped for initiating a forward policy just now. But the will is needed.

The inevitable shortcomings of public works can be guarded against by the careful selection of schemes by the scrutiny of wage schedules and by placing experienced businessmen as well as engineers in charge of works. In the case of an agricultural country like India, earth works which employ a large number of unskilled workers are best and small works scattered all over the country, especially in depressed rural areas, will be more beneficial than a few big works in some corner of the country. A hundred new tanks and a thousand new wells in far off villages may do more for purchasing power than a colossal Mettur or Sukkur. The money that goes into the rural labourers' hands will soon find its way to and fructify in the pockets of merchants and manufacturers.

Hitherto Government has followed a cautious policy and thereby the country's financial position has become stable and strong. It is now time to take a forward step and utilize this opportunity to improve the economic equipment of the country. The Provincial Economic Conference held last April in Delhi approved of such a policy and it now remains for the provincial governments to prepare suitable schemes. It is hoped that the Road Congress next month will give the new policy a push forward. It would be useful at this juncture to carry out an economic survey of India in order that we may know where we stand.

Indeed the situation has lately improved in some ways but a true recovery can only start when enterprise revives. Nor need we wait for world recovery, the world must recover as a result of the efforts of recovery made by the larger countries. India which contains a fifth of the human race which holds the largest potential market in the world which has an enviable financial position to day can do more for world recovery than most other lands. Thus this country may not only save herself but save machine industry and civilization.

State-Aid to Cottage Industries in Bihar & Orissa.

By K Sanjiva Rao, LTM, ATI,

Textile Expert to the Government of Bihar and Orissa

Of the several cottage industries that are carried on in the province of Bihar and Orissa the handloom industry is the most important. For assisting this premier cottage industry of the province supplying about 26 per cent of the requirements of the province in clothing the Department maintains a technical staff whose work may be divided under (1) development, (2) educational and (3) commercial.

Development—With a view to cheapen the cost and to improve the quality of the products and thereby to increase the income of the hand weavers, dyers and calico printers the Department of Industries maintains a demonstration staff consisting of 8 supervisors (including one for dyeing and calico printing) and 56 itinerant instructors (mistri). They move about in the villages of their respective areas and introduce labour-saving appliances, fast dyes and new designs among the adult artisans. The head quarters of these demonstration parties are at Patna, Gaya, Darbhanga, Bhagalpur, Ranchi, Cuttack and Sambalpur. As a result of the activities of these parties since 1920 when the Department of Industries was first started over 35,000 fly shuttle looms, 1,200 dobbies and nearly 300 improved cottage warping sets were introduced besides effecting improvement in the designs and texture of the woven fabrics. During this period the cotton weavers of this province increased their consumption of mull spun yarn from 20 millions of lbs. in 1920 to over 30 millions of lbs. during the last year.

Based on the recommendation of late Professor Maxwell Lefroy of the Agriculture Research Institute Pusa experiments were conducted in Chota Nagpur in sericulture with a view to ascertain the suitability of the climate and soil of this part of the province for the growing of mulberry and rearing of silkworms. Useful data collected as a result of these experiments are now available.

As necessary facilities exist in this province for the establishment of eri culture as a subsidiary occupation for agriculturists a demonstration party of 10 eri rearers was employed temporarily for a few years and this industry was introduced in Orissa. Supplies of seed eggs are now being made to the rearers from the Silk Institute, Bhagalpur and from a temporary

seed producing station in the Farnes district. Experiments to find new uses for eri yarn and for the production of eri fabrics for European markets are also being carried on at the Institute.

For the improvement of the basket industry a girls industrial school at Cuttack was introduced to teach basket making with a grant-in-aid. Similar help is also being rendered to a Mission school at Lethia where hand machine knitting is being taught. Further assistance to basket industry is given by the Department of Industries by direct purchase of baskets and by finding a market for the same in the European countries.

The Government of Bihar and Orissa participate every year since 1926 in the British Industries Fair in London and also send samples of Bihar textiles to some of the important exhibitions and fairs held in Europe. The various textile institutes of the Department send their products to local exhibitions and also sell within and outside the province and conduct demonstration in some of the important industries.

Educational—The Department of Industries maintains 5 textile institutes for imparting practical training in some of the important cottage industries. The fundamental principle in the training given therein is that the production of students should be of marketable quality both in respect of workmanship and finish. These institutes annually train and turn out craft men thoroughly versed in the use and application of greatly improved appliances and tool processes and designs and impart better knowledge and appreciation of the diversified range of commodities which the patrons of handicrafts require. The Cottage Industries Institute at Patna trains boys in (a) cotton weaving, (b) dyeing and calico printing, (c) knitting, (d) carpet durrie and Sewai weaving, and (e) making of toys out of wood and cardboard and lacquering. The Silk Institute at Bhagalpur imparts training in (a) sericulture, (b) eri rearing and spinning, (c) silk throwing, (d) silk dyeing and printing, (e) silk weaving and designing. The Wool Weaving Institute at Gaya trains young men preferably the children, in improved methods of wool spinning, dyeing, weaving and finishing. These institutes annually award nearly 100 stipends in all varying

in value from Rs 5 to Rs 12 each to candidates belonging to this province and impart training of an intensive character for a period of only one year. They also carry on experiments for evolving suitable hand appliances and processes, and new designs. The efficiency of teaching is judged by the quality and quantity of the output of each student as compared with the consumption of raw materials. In the half-time Weaving School at Biharsarh which was started as a result of the recommendation of the Vocational Education Committee of 1922 practical training is given to the boys in weaving side by side with general education up to the Middle School standard for a period of 4 years. At the end of the course the boys having aptitude for industries join the central textile institutes referred to above and specialise in some branch of the textile industry while those desirous of continuing their studies in literary subjects join the high school. At the industrial school at Bhubani in the district of Angul Pan boys as well as boys of other classes are given training in hand weaving, carpentry and smithy and are helped to earn a living in an industrial career.

Commercial—The most noteworthy outcome of the technical efforts made for the improvement of local textile industry in this province is the establishment of a separate

commercial department, viz., the Purdah manufacturing section in 1928. With a view to secure a market for Bihar textiles in foreign countries two agents, one in London and the other in New Zealand, were appointed. For marketing these goods in India, there are other agents in important centres and hill stations of India. Goods for sale are being manufactured by weavers of different villages who work under the supervision either by the agents of the department or co-operative societies. Cotton bedspread, curtains, table covers and runners, silk scarves, rugs, bed spreads, sarees and coatings, fabrics of traditional designs and unique workmanship woven in Sambalpur, carpets, chair seats, cotton durries, and raffia and cane 'Lancha' grass and palmleaf baskets worth over Rs 1,25,000, are being manufactured and sold every year at a profit. This organization has a great educative value as it serves as a model for protective industrialists of this province to copy. The intimate knowledge of the markets, both Indian and foreign, for the products of local handicrafts, enable the Department to understand the problems confronting the cottage workers and to direct their energy for the successful solution of the same. This valuable knowledge is also utilized in organizing industrial education of this province on rational lines.

Whatever the view taken of the ultra-national policy now being pursued in Turkey none will question its Wentworthian character. It merits the description thorough in every way. There are three different facets of this policy all linked together as part of the common aim of making Turkey as independent as possible of any other country. First there is the restrictive policy with regard to foreigners as individuals, whole avenues of occupations being closed to all but Turks irrespective of whether or no an individual has spent a lifetime in a calling. Naturally this is leading to great hardships and a widespread exodus from Turkey, and one cannot help feeling that, while the measures are understandable its introduction might have been framed so as to cause the least measure of interference with those who have spent a lifetime in the country. The second development is the activity of the State in acquiring foreign concessions. A number have already been purchased, and it would appear that the policy of Ankara is to restrict foreign concessions so far as possible. The Turkish authorities take

the view that their nationals are now capable of conducting any undertaking and their desire in the circumstances to run their own public utility services, instead of having them run for them can at any rate be appreciated. The third development is the Five-Year industrial plan, and progress in regard to which is manifested by the number of new factories which have now been opened, and which will provide commodities ranging from grey sheetings to paper and from glass and bottles to semi-coke. Thus the Turkish ship of state is being well launched on a course which if the plans of Ankara are realized, will within a measurable distance render Turkey self-supplying of a vast range of commodities which are now imported. What effect this will have on the country's external trade is a matter of conjecture. Turkey needs markets for her produce as well as any country but a country who will not buy may in the end find it difficult to sell, for world economies are adjustable and it is hard to visualize a commodity which cannot be replaced in an emergency from another source.

The Quantity Theory of Money.

By P V Parthasarathy, B A , and N S Mani, M A ,

Economics Department, Holy Cross College, Trichinopoly

If some scientist could devise a Banking machine that would work the vast credit system of the world with perfect smoothness there would hardly be the problem of the financial crisis awaiting solution. But the time is not yet. Human ingenuity has not advanced to such a degree of skill that it could control and direct the trade and commerce of the world with the accuracy of a steering wheel. But it is no use indulging in empty speculations.

In primitive times when money had not been invented there was no question of stabilizing the pound or the dollar. Exchanges being few and confined to very narrow limits barter worked most successfully. Gradually came the diversification of wants and a growing economic unity with the division of labour and functions. Distances were soon annihilated so that to day we are clothed and fed as it were with the resources of a planet. Side by side with this development in the scale of production sprang up the difficulties in exchange and distribution. And by a curious series of historical and geological accidents we stumbled upon gold for purposes of money.

However as long as there was no fluctuation in the production and value of this gold everything went on smoothly. Once there came to be some sand in the wheel the whole machinery clogged and jammed and with it our economic structure so delicately pegged to it. In spite of our brilliant achievements in the physical sciences we must really be ashamed that after so many years of industrial civilization we are unable to control the monetary unit which we ourselves have created. So gold once it came to be recognized as having supreme claims for monetary purposes stuck to the skirts of the world with desperate tenacity. And though it had been admonished many a time for all its sins during its reign it was never completely dethroned. The problem to-day is simply to control the demon that we have released from the mines just like that of the fisherman that had released the devil from the pot.

It is an undoubted truth that no evil costs so much to an industrially civilized society as a fluctuation in the purchasing power of its money. It penalises particular classes of the community for the benefit of the other classes.

Its incidence is unfair, unequal and sometimes of such intensity as to render the whole community practically insolvent. A standard measure that changes very often like the seasons of the year results in incalculable harm to a community that measures its transactions in its terms. Hence Monetary Theorists to day have sought to explain a chain of ingenious methods by which money may be manipulated. Of course all of them start with the quantity theory of money.

The most popular of all these restatements of the quantity theory of money is that of Professor Irving Fisher. Fisher starts with the volume of transactions and equate the value of these transactions to the total quantity of money in circulation multiplied by its velocity.

$MV + MV = PT$ where M is the money in circulation V the average velocity of each unit of this money M the deposits subject to check in the banks V the average velocity of its unit P the average price level and T the volume of trade. The importance of this theory lies in the fact that—

1. If you are told that the price level at any time depends upon the other factors in an equation of exchange and

2. If those other factors can be manipulated by a judicious banking and currency policy any fluctuation in the price level in terms of gold or any metal may be eliminated to a large extent. Prof. Fisher's contention is that P is distinctly a passive element and given the habits and customs of the community it can be worked up or down as desired. No one would quarrel with this equation if it were meant for a truism. Only when it seeks to explain causal relationship between the factors on the two sides that its validity comes to be doubted. In a world where various forces undetermined by this equation of exchange act upon its factors with unknown intensity it cannot claim any quantitative precision. At the most it can only explain the tendency of purely economic forces unencountered by outside influences.

Moreover Fisher's equation can hold good only in a country where all the banking system is reduced to a machine like routine which is not possible in an expanding world with an economic system that requires increasing accommodation and increasing elastic

limits. In the various communities as they now exist not every one is used to the 'change' habit and sometimes when increasing velocity is desirable money is hoarded so that if there is going to be any exact precision in the equation of exchange it is only by transforming human nature into something that it is not. Keynes' equation is a modification of Professor Fisher's. Unlike Fisher, he starts with the quantity of money and arrives at the formula

$$n = p(k + rk)$$

where n is the total cash in hand, p = the price of each consumption unit, k = number of such units that can be bought with cash, L = consumption units that can be bought with bank deposits and r represents the proportion of cash kept by the banks. Where Keynes differs from Fisher's is that he accepts that a change in p may not be exactly proportional to a change in n and that any sudden enlargement of output may act on r thus deflecting it either way. Hence Keynes too does not go far.

Then comes the ingenious Mr Hawtrey. Hawtrey starts from strikingly original grounds but at last lands where least he expected to find himself. He begins with the consumers surplus and outlay and the unspent margin and concludes that at any given time $VM = PR$ where M = the stock of money, v = the velocity of each unit of consumers' income and outlay, R the real income expressed in terms of commodity or service accruing to the community in a year and P the price in money of a unit of this representative commodity or service. The velocity remaining almost the same in a single community, the unspent margin V which is the consumers' income and outlay may be so controlled by an intelligent banking policy as to manipulate p . For it is entirely with the banks that there lies the power of creating credit and every creation of new credit involves a release of cash that swells the money in circulation and increases r and every withdrawal of credit involves a withdrawal of cash and a consequent depletion of money. This of course can be predicated of a community whose habits do not change considerably over a long period but the world as we see to day is on a continuous process of change so that as Laski says in less than a century we have entered upon a world different in final texture from that upon which our ancestors gazed after Waterloo. We no longer live in those placid villages where the

visitor from London seemed a stranger from another planet.

Moreover, this equation does not in any way make an improvement over that of Mr Keynes. Not every one has got a banking account. Outside influences affect the value of some of the factors. A change in M may not result in a corresponding change in P . It may involve changes in V also. As Pigou says, 'We must be careful, however not to infer from it, that if the banking system so controls the volume of credit as to keep the price level stable despite variations in V , industrial fluctuations will be eliminated. Constancy in P implies as Pigou says constancy in $\frac{VM}{R}$ ' but it does not imply constancy in R .

Whatever be the merits of the quantity theory, it has led most of the economists into the faulty belief that at a given price level there is always sliding equilibrium ranging within limits over a perfectly smooth area. That is a fundamental error. Of course, one is led, by the logic of the quantity theory to the absurdity that the economic world is always, at the existing price level, in a state of neutral equilibrium. This can never be the case for, such an assumption cannot explain periods of economic prosperity and adversity. The truth of the matter is that the world is economically, so to say, advancing to a point of stable equilibrium and every time it encounters forces it is not able to assimilate it is deflected back with serious consequences to itself. The economic life of the world is simply the history of its tendency to be raised to a state of stable equilibrium where it can rest peaceably. It is only a perfected world that can achieve it. But a planned world may make an approximation to it. Hence this tendency may be expressed as to mean that the world with the technique at its command is seeking at that quantity of money which with the habits of the people, will enable it to keep all the capital and labour resources of the country working at the maximum efficiency. If money is increased, the balance is disturbed and the capital resources and labour will have to be adjusted in order to restore the stable equilibrium. If there is a deficiency there will be a contraction in the quantity of capital resources and in the employment of labour with less to divide among the community.

In such a back ground it is easy to appreciate Keynes' definition of new investment and his eagerness to penalise any saving with negative interest when it results in loss to

some other. For, such a saving is distinctly of an anti-social tendency and must be discouraged. Hence this conception of the optimum quantity as that money, that is just necessary for a community to keep engaged at their maximum efficiency all the capital and labour resources is more useful than the quantity theory of money because—

1. it dispels the notion that the economic community is in a state of neutral equilibrium in stead of attempting at stable equilibrium.

2. it affords explanation of crises and

3. formulates a practicable policy of encouraging and discouraging saving in order to stimulate or depress trade and production.

The Problem of Tuberculosis To-Day.

By The Secretariat of the League of Red Cross Societies, Paris

It is not that of yesterday. Even the behaviour of the disease is different either because the bacillus of tuberculosis itself or the reaction of the human body to it has changed. Scrofula, a tuberculous disease is now almost unknown in some countries although other forms of tuberculosis remain common.

Still more profound and much more comprehensible are the changes in our attitude toward tuberculosis. Old theories have been discarded or modified or amplified. Diagnostic methods have been refined and multiplied. We detect the disease earlier and in a more curable stage than before. And having detected it our means for curing it are far in advance of what they were only a decade or two ago.

For many years in France a system has been adopted of isolating healthy children from tuberculous homes. It is associated with the name of its founder, Dr Grancher. During 1932 alone as many as 6,044 children were placed with healthy foster-parents in the country. The results obtained by the Paris branch of the Grancher system between 1907 and 1931 are most encouraging. During this period only twelve out of 4,000 Grancher children developed tuberculosis—a morbidity of only 0.3 per cent. On the other hand the morbidity among the children who remained in tuberculous surroundings was more than 60 per cent.

Another distinguished Frenchman, Professor Calmette was responsible for the inoculation of infants with live tubercle bacilli (BCG) whose virulence has been artificially reduced to such a degree that they confer immunity to tuberculosis without provoking it. BCG is given to new born infants who are isolated from their tuberculous surroundings long enough for it to take effect. Hundreds of thousands of children have thus been treated in France alone and their subsequent freedom from tuberculosis is a striking testimony to

the efficacy of this preventive treatment. It is harmless. In several countries however it has not yet been introduced on a large scale. The authorities concerned would like to see the statistical evidence hitherto available confirmed.

The earlier tuberculosis is diagnosed the merrier is its cure. Formerly it was customary to diagnose pulmonary tuberculosis by examining the lungs with the ethiograph. This is still most useful but there are two new tests which reveal tuberculosis much earlier. They are the tuberculin skin tests and an X-ray examination. The skin tests are both harmless and delicate and reveal the presence of tuberculosis even when it is limited to a few hidden lymphatic glands.

The X-ray examination of the lungs is now considered one of the most delicate and valuable of all the tests. At the University of Munich every student has to submit to it. Signs of tuberculosis have been found in 19 per cent of 1,000 students examined. Among these cases there were 30 in which tuberculosis was open and infectious. During the first year of this system of compulsory radioscopic examinations 64 per cent were found to be suffering from open tuberculosis. In the second year after these cases had been removed this figure was reduced to 0.27 per cent. It has been calculated by Dr Kattenhardt who is responsible for this service, that on the average the disease is discovered 10 years earlier than it used to be, and the average duration of treatment is reduced from nine to five-and-a-half months.

In the tuberculosis campaign in Massachusetts extensive use is now made of the X-rays. As the most important thing in childhood tuberculosis is the location of the sources of infection X-ray examinations should be extended to all the members of a family in which a child has been found to show X-ray signs of the disease. This is a big order. It could not be carried out but

for the remarkable changes in the technique of X ray examinations. It is now possible to take X ray exposures at the rate of four per minute and a rate of 150 an hour can be sustained without difficulty.

There is no specific remedy, no short cut. But though the successful treatment of tuberculosis still remains a matter of months the prospects of complete arrest of the disease are infinitely better than they were. This change is largely due to the new operations such as artificial pneumothorax which secure more or less complete rest for the lungs. The success of these operations is all the more striking as the patients on whom they are carried out are usually in an advanced stage of the disease and without them would have been condemned to death or prolonged invalidism.

Though sanatoriums are primarily intended for early and the most curable cases they tend

to become congested with advanced incurable cases. Whether these patients die in the sanatorium or soon after discharge they bring unwarrantable discredit on it. The sanatorium is however the best institution available. Here the patient is not only treated he is also taught how to keep fit after discharge and how to avoid spreading infection. The sanatorium is a school not only for the patients but also for the medical profession. Here, in hourly daily weekly and monthly contact with their patients doctors learn how to handle them not only from the material but also from the psychological side. The sanatorium is the best antidote to the quack who is not likely to be successful in foisting his quick cure remedies on a patient who has learned at a sanatorium what a long business it is to recover from tuberculosis.

Industrial Housing in Bombay.

By B. P. O.

The annual report for the year 1933-34 on the administration of the Industrial Housing Scheme Bombay, shows that the worsening of conditions in the mill industry has had its inevitable effect on the fortunes of the Development Department. Chawls, both tenancies and rent collections showed some deterioration from about September 1933 owing to the closing down of all the mills of the Currumbhoy group and a few of the mills belonging to the Sassoon group. As the success of the Industrial Housing Scheme depends mostly on the fortunes of the mill industry—the tenants of the Chawls consisting largely of mill operatives—the result has been that in the 207 chawls of the scheme the total number of occupied rooms and shops which was 8,730 on 31st March 1933 declined to 7,343 at the close of the year under report. The closing of the Currumbhoy group naturally gave a particular set back to the number of occupancies at Worli which in the year before had shown a considerable increase. The reason is that the mills of the Currumbhoy group are mostly situated near this centre and the employees are for the most part tenants of the Worli Chawls. It is of course still too soon to gauge the effect that the bus service between Worli and Lower Parel Station of the B. B. & C. I. Railway started by the Bombay Electric Supply and Tramways Company Limited from 8th April 1934 will have on the situation in this area.

The scale of rents for single roomed tenements remained unchanged throughout the year and were DeLisle Road Rs 8, Naigaum Rs 7, Sewri Rs 7 and Worli Rs 5. Re 1 extra is charged for corner rooms and Rs 2 extra are charged for rooms in which additional water taps are provided at the option of the tenants.

The rates for two roomed tenements varied between Rs 17 8 and Rs 19 according to situation while the three-roomed tenements at DeLisle Road were charged Rs 27.

Out of the 329 shop premises in the Chawls 149 were occupied at the close of the year under report and no great improvement on this situation can be expected until the number of tenants in the Chawls increases. (By way of relief to the shopkeepers whose earnings naturally depend largely on the number of Chawl tenants. Government have, from May 1934 reduced temporarily the rents of shops at Worli the worst affected area by 10 per cent and by 5 per cent in the other localities.)

The rent collected amounted to Rs 6,29,600 out of the assessed sum of Rs 6,38,095 showing a recovery percentage of 98.6 as against 99.4 last year. During the year one thousand five hundred and eighty one tenants absconded (the figure for the last year being 1,160) and the rent due from these absconding tenants was Rs 14,813 as compared with Rs 12,285 due from absconders last year.

Out of the former amount and last year's final balance of Rs 10 593 uncollected Rs 3 974 were recovered after tracking the absconders and Rs 8 366 had to be written off leaving a balance of Rs 13 066 to be recovered.

On the whole the percentage of recoveries is to be regarded as satisfactory, as in spite of the small net decline (in comparison with last year) the percentage of collections at DeLisle Road Naigaum and Sewri was actually a little better than in the last year and only in Worli was there a decline for the reasons already remarked upon which was sufficient to reduce the percentage for the whole.

The establishment charges amounted to

Rs 70 341 or 11 per cent of the recoveries.

The health statistics of Chawls showed that there were 670 deaths in a population of 36 715 a death rate of 18 per thousand against 20 last year. These figures continue to bear witness to the satisfactory sanitary arrangements of the Development Department in Chawls.

The Bombay Presidency Infant Welfare Society, the Baby Health Week Association and the Bombay Municipality have provided medical relief at the chawls while the Bombay Municipality has established schools for the children of the Development Department tenants at all the four centres viz DeLisle Road Naigaum Worli and Sewri.

On the Use of the Vote—V.

By Jatindra Mohan Datta, M Sc, B L

ABSENCE DUE TO DISBELIEF IN VOTING

Disbelief in voting and consequent absence from the polls may be due to various causes. It may be due to (1) disgust with politics (2) disgust with one's own party, (3) the belief that one vote more counts for nothing (4) belief that ballot box is corrupted especially as the ballot papers of the illiterate voters are marked by the presiding officers (5) disgust with the particular candidates and consequent indifference and (6) disbelief in women's voting and (7) disbelief in all political action and all forms of co-operation with the Government. It is impossible to estimate even to guess reasonably, the effects of the various causes enumerated above unless we choose to make a house to house enquiry and get answers from the individual voters at the time of the elections but some of them may affect attendance very considerably.

Many elderly men who have retired from active life have no faith in elections. They say that human ills cannot be remedied far less cured through voting at elections. Why then take the trouble of attending polls and cast an honest vote when there is so much corruption all round? They are the true philosophical non-cooperators not with the Government merely but with the forms of democracy.

In India party organizations and parties are at their infancy. But still the electors can be divided into two categories—(1) The Moderates and (2) the Extremists. In the elections of 1923 the Moderates or Liberals were routed throughout India, not merely because the Swarajists Extremists managed

to capture the ears of the electors but because many electors undoubtedly moderate in their political outlook became disgusted with their leaders at their continued failure to check the repressive measures of the Reserved half of the Government. The arrest and detention without trial of two dozen detainees especially the Editor designate of the *Forward*—C. R. Das's paper—immediately before the election undid Sir Surendra Nath Banerjee. The writer had much to do with that election and I can speak from personal knowledge.

If man can do so little in the amelioration of his outward circumstances what can a mere woman do by exercising her franchise? This idea is present in the minds of many women electors themselves which make them absent from polls. Some men also do not like that their wives or daughters or sisters should exercise votes and offer no facilities for such exercise.

In 1920 Mahatma Gandhi preached Non-Cooperation with the Government in all forms and urged boycott of the Legislative Councils and abstention from polls. In 1923 the Swarajists broke away from the Non-Changers and contested the elections. The difference in attendance at the polls in the different provinces is some measure of the non-attendance due to the Non-Cooperation movement.

In Madras 24.9 per cent of the registered voters went to the poll in 1920 in 1923 36.26 per cent exercised their right of voting.

In Bombay the general election of 1923 was marked by keen contest in all except

the European constituencies. The electors showed a reasonable interest in the election and the proportion of those who voted was far higher than in 1920 chiefly owing to the split in the Non-Cooperation Party and the decision of the Swarajists to stand for election" (*Report on the Working of the Reformed Constitution, 1927, by Bombay Government, p 139*)

The percentages of electors who recorded their votes in 1920 and 1923 are 18.00 and 69.84 respectively

The U. P. Government in its *Report on the Working of the Reformed Constitution, 1927, p 208* says — The population of the province is 45½ millions. In 1920 the electorate was a little over a million, and the percentage of votes recorded was 33. In 1923 over 500,000 electors had been added to the rolls, and by 1926 another 100,000 had been enfranchised giving a percentage of 3.53 to the total population. The percentage of votes recorded was 41.36 in 1923, and 49.32 in 1926. In 1920 the total number of votes polled was 333,000. In 1926 it was 732,155 or considerably more than double. In 1923, 510,511 votes were recorded.

In the Punjab at the General Election of 1920 there was no contest in 12 constituencies. In the remaining 38 constituencies the elections were contested, and out of 404,371 persons registered as electors 130,152 or 32.3 per cent recorded their votes (*Reports of the Local Governments on the Working of the Reformed Constitution, 1923, p 164*)

The percentage of votes polled in 1923 was 49.3

At the election of 1923 in B and O the polling was far heavier than in 1920, averaging 52 per cent. In 1920 the percentage of electors who recorded their votes in contested elections for the general provincial Legislative Council was 40.3, but whereas the percentage in rural areas was 41, the percentage in urban areas was only 26. An exactly contrary result might have seemed more probable, since the towns contain a number of persons genuinely interested in politics, and the urban voter can reach the polling station without difficulty, while the rural voter may have to make an appreciable journey. Probably the influence of the Non-Cooperation party did something in the towns to produce abstentions. (*Reports of the Local Governments on the Working of the Reformed Constitution, 1925, p 205*)

In the Central Provinces in 1920, the percentage of votes recorded in General elec-

tion was 22 in contested constituencies, but in 30 constituencies there was no contest.

The low percentage of votes recorded was in part due to the opposition of the Non-Cooperation party and to the rumours set about by them to prevent voters recording their votes" (*Reports on the Working of the Reformed Constitution, 1923, p 234*)

The percentage of electors who voted in 1923 to the total number of votes on the register was 57.7

In Assam "in the constituencies where the elections were contested, 25 per cent of the voters went to the poll in 1920, 42 per cent in 1923 and 43.5 in 1925" (*Reports on the Working of the Reformed Constitution, 1927, p 518*)

The statement in the tabular form below shows the percentage of voters in different classes of constituencies in Bengal, who exercised their franchise in 1920 and 1923—

TABLE VI

	1920	1923
Non Muhammadan Urban	41.8	50.1
Rural	37.8	42.8
Muhammadan Urban	16.3	49.6
Rural	22.4	32.4
Landholders	84.1	82.9
University	66.4	76.8
Indian Commerce	95.2	77.1
	33.4	39.0

The figures show that more interest was taken in 1923 than in 1920.

The effects of the Non-Cooperation movement on the electors are thus summarised in a report prepared at the time —

"It would be incorrect to ascribe the relatively low percentage of Muhammadan electorates that exercised the franchise entirely to non-co-operation, for as a whole the Muhammadan Community is less educated and less politically active than the Non-Muhammadians. It is probably correct to say, however, that the Non-Cooperation movement exercised an appreciable influence in restricting the size of the polls in the general constituencies and that this was more marked in the Muhammadan than in the Non-Muhammadan electorates."

It will be seen from the above figures that the difference in attendance was as much as 51 per cent in some provinces, and it may be said this was due mostly to the Non-Cooperation movement.

In one sense absence due to disbelief in voting is not a case of inevitable inability of the voter to come to the polls, it is a measure of his active interest in politics, though

chiefly negative in its results. In another sense, the cause being fundamentally philosophical it is. It is something like a Quaker refusing to enlist in the Army not because he lacks courage but his objection is fundamentally philosophical.

MISCELLANEOUS CAUSES

Besides the main causes we have tried to enumerate and describe before there are several other minor causes which produce non attendance at the polls such as detention by illness of members of the family. The elector himself may be free to vote but if some members of his family, especially grown up ones, are ill and helpless and there be nobody to minister to his needs it would be idle to expect the elector to come to vote. The size of the family particularly in urban areas is small and is getting smaller and smaller every day. Then there is fear of loss of business or wages. A mofussil shop keeper cannot close down his shop for the day to come to the polling station for exercising his vote. His closing down the shop—perhaps the only shop in the village—means inconvenience to the general body of the villagers and the shop keeper even though he may be willing to lose the profits of a day, may be unwilling to inconvenience and exasperate his clientele—the entire body of the villagers.

Forced abstention is another cause. Voting is by secret ballot. If the Union Board President or the money lender is not sure of the loyalty of the voter, he would often ask him not to come to the polling booth as that is the surest way of preventing his vote being given to the opposite party.

It is not proposed to prepare a complete catalogue of the Causes of Abstention neither it is possible. What we have indicated before is enough to show that non attendance may be due to causes other than political indifference.

CONCLUSION

From what we have discussed above it would appear that the attendance at polls is dependent upon various factors. We give below in a tabular form our main conclusions regarding the relative importance of the various causes—

Abstention at Polls due to	Per cent of the Total Electorate
1 Death	6.5
2 Child birth (in case of Females)	5.0
3 Previous Voting	1.0
4 Mistakes in Electoral Roll	4.6
5 Malaria	12.0
6 Casual Migration	4.0
7 Distance of Polling Station	0.0
	53.0

Abstention at Polls due to	Per cent of the Total Electorate
8 Unsuitable Polling Hours etc	Uncertain } say 10
9 Minority of Electors	
10 Disbelief in Voting	
11 Miscellaneous	

But the effect of all the above causes is not cumulative. In some cases they work in the opposite directions, casual migration and distance of polling stations. In some other cases the different causes overlap each other e.g. a female elector is more likely to suffer from malaria after child birth and ordinarily at her father's place after confinement. In other cases again the effects though additive is not cumulative e.g. 6.5 per cent of the electors are dead and 20 per cent cannot come owing to the distance of the polling stations the result is not that 26.5 per cent are absent for these two causes but 6.5 per cent + 20 per cent of the living electors i.e. 3.5 = 25.2 per cent. Then there are probably errors in our estimates. For all these various reasons we make an estimate of the total non attendance due to inevitable inability of the electors to be some 45 per cent. Of course this estimate is our personal opinion and we have preferred to make a rather low estimate to be on the safe side.

The percentage of votes polled by the various classes of electors to the total electorate during the last 4 general elections in Bengal is given below—

1920	1923	1926	1929
33.4%	39.0%	39.4%	26.1%

The very low percentage in 1929 is abnormal. While in 1920 1923 and 1926 12.7 and 12.8 seats respectively out of 85 general constituencies both urban and rural non Muhammadan and Muhammadan were filled without contest in 1929 as many as 43 seats were filled without contest. In several constituencies again the candidates having virtually retired or withdrawn there were only nominal technical contests. Therefore leaving out the abnormal figures for the 1929 election out of account we find the average attendance at polls to be 37.3 per cent. If we had confined ourselves to the percentages in contested constituencies only the respective figures would have been much higher and much more conformable to the facts of our case.

If 45 per cent of the registered voters can not either come to the polls or vote on account of causes over which they have little or no control of the 55 per cent, who can possibly

Economics in the West.

London as an Industrial Centre

London 31st November 1931.—In a century of progress—notwithstanding recent retrogression—towards closer relationships throughout the world in economic affairs, London has come to be regarded pre-eminently as a centre of world trade and finance. Within the borders of the City are encompassed besides financial markets and commodity exchanges—the Baltic, Mark Lane, Mincing Lane—to name only three—which exercise a strong influence on the course of world prices of a wide variety of commodities. Last quantities of goods moreover pass through the port either for consumption within the country or for transhipment elsewhere. If however we widen our geographical scope from the square mile of the City to Greater London we find that the district is growing rapidly as an industrial area both absolutely and relatively to the whole country. In succeeding paragraphs we attempt to put into concrete statistical form this striking development. It is of interest for much more than its own sake and without anticipating our more specific conclusions we may observe at the outset that it has an important bearing on present economic conditions and prospects in this country. London has thrived in the past decade on changing standards of demand arising predominantly from the home consumer. The fact illustrates the truth that given favourable conditions—and among them an elastic monetary policy is one of the most important—economic recovery can be achieved largely by a cumulative process based on rising economic standards and expressed in demands which are constantly broadening both qualitatively and quantitatively. Thus to assume that there is a near limit to the possibilities of internal trade expansion is to take an unnecessarily gloomy if not positively perverse view.

In considering the material available for our study it is necessary first to define our geographical terms. Surrounding the City itself is the administrative County of London containing in 1931 a population of 4,400,000 and occupying about 120 square miles but broader still is Greater London the area contained within the Metropolitan Police boundary. This vast industrial, commercial, financial and residential district occupies nearly 700 square miles and includes parts of Essex out to Barking and Dagenham of Hertfordshire to Eltham and Barnet of Kent

to Orpington and Bexley of Middlesex to Uxbridge and Wembley and of Surrey as far as Coulsdon and Epsom. The population of the area in 1931 was a little over 8,200,000 or rather more than one sixth of the total for the United Kingdom. Clearly, then Greater London constitutes in no true sense a single city but rather a city surrounded by subsidiary towns some almost distinct units with their own particular industrial activities some pure residential suburbs, but most of mixed type.

In the population census of 1931 just one-half of Greater London's people were classified as occupied persons between the ages of 16 and 65 and rather more than one half of this occupied total was covered by the national system of unemployment insurance, the remainder consisting of persons working on their own account persons earning salaries above the datum line for insurance purposes and those engaged in activities excluded from the general scheme whether or not they were covered by separate schemes of insurance. Yet it is to the distribution of insured workers in Greater London that we can look for some indication of the relative importance of different activities. The table below constructed from figures for July 1933 provides guidance in addition as to the relative importance of London's trades in the economic structure of the country as a whole.

Numbers of Insured Workers (000 omitted)

	United Kingdom	Greater London	Greater London as percentage of U.K.
Industrial activities —			
Textiles and clothing	1,809	193	10.4
Engineering etc.	1,188	161	13.5
Paper and printing	422	149	35.3
Food, drink and tobacco	555	133	24.0
Metals	891	127	14.3
Woodworking etc.	227	71	31.3
Other	2,024	409	10.3
Construction —			
Building etc.	1,161	204	17.8
Services —			
Distributive trades	1,097	494	24.8
Transport and communications	859	212	24.7
Commerce etc.	746	47	19.1
Miscellaneous	1,459	396	27.1
TOTAL	12,833	2,399	18.6

A striking feature of the table even though trades have been combined into broad groups is the wide variety of the industries covered. They are so diverse as to cover ship repairing and book publishing, dress-making and glass blowing. There is no one which can be designated as the dominant industry of the region—a fact which provides a partial explanation of the more fortunate experience of London in respect of unemployment when compared with those of, for example, the north-east coast, Lancashire and South Wales. As might be expected from common knowledge the service trades engage a large proportion of London's workers. Moreover if to the figures for these are added allowances for the numbers not included in the table employed in commerce and finance, the professions and public services it will be seen that the number of Londoners engaged in "non-productive" activities is well over a million and probably accounts for one third of the total number of persons gainfully employed. Nevertheless, the number of insured workers engaged in productive activities is strikingly large. In this section of economic activity Greater London accounts for over a million and a quarter workers approaching one sixth of the total for the whole country. The industry employing the greatest number of work people is clothing which includes tailoring and dress-making, millinery and the manufacture of under-clothing and boots and shoes. High on the list is the trade which more than any other may be called London's specialty, paper and printing. Other industries employing more than 100,000 insured persons are the preparation of food, drink and tobacco, the metal trades yielding a wide variety of products and engineering in all its branches. The "other" total together with the miscellaneous item at the foot of the table includes representatives of almost every activity undertaken in this country except those specifically named.

A measure in some ways more suggestive, of London's growing industrial importance is given by the results of the census of production for 1930, especially when these are compared with corresponding data for 1924. Although the figures are late in making their appearance they indicate a trend which external evidence suggests has continued to the present time. The census excludes from its scope the distributive trades, the building industry and all establishments employing on an average less than ten workers. The

gross output of each contributing undertaking represents the value of the goods it delivered during the year, while the net output is obtained by deducting from the gross output the cost of materials and amounts paid for work given out. Thus the aggregate net output measures the value added at all stages of the various industrial processes to which primary materials are subjected. The results of the two latest censuses both for Greater London and for Great Britain are compared in the next table—

	Gross output £ millions	Net output £ millions	Average number of persons em- ployed	Net output per person employed £	Net chemical power ordinarily in use thousand h.p.
Greater London					
1924	575.1	251.3	948	265	1,975
1930	637.0	288.5	1,010	285	3,559
Great Britain					
1924	3,427.2	1,447.0	6,730	215	16,929
1930	3,978.1	1,745.3	6,932	252	27,135
London as per centage of Great Britain					
1924	16.8	17.4	14.1	—	11.7
1930	21.4	21.4	16.0	—	16.1

Two principal points stand out from these figures: first London's relatively high output per person employed, and secondly London's increased proportion of the country's total output. Dealing first with per capita output it would appear that London is engaged more upon activities involving a high degree of technical or artistic skill in the worker. Putting the explanation more broadly London tends to specialize on the lighter finishing trades more particularly the production of luxury or semi-luxury products many of them patented or proprietary articles. The table on page 20 provides material which confirms this conclusion. It sets out the 1930 census of production figures for a number of separate trades in Greater London.

It will be observed that the net output of the largest group, the clothing industry, was £18.7 millions, a figure which accounts for 43 per cent of the total for Great Britain. In this section London's output per head is considerably higher than in other parts of the country, a result which follows from the fact that London is concerned rather with the more remunerative branches of tailoring and

dress making than with for example the bulk manufacture of ready-made clothing which constitutes most of the clothing industry of Yorkshire.

	Net output £ mill. m.	Average number of persons employed thousands	Net out- put per person employed £
Clothing	18.7	102	185
Printing publishing etc.	35.7	99	363
Electrical engineering	17.9	75	239
Food products	18.5	67	276
Motors cycles and aircraft	13.4	58	232
Mechanical engineer- ing	13.1	54	244
Woodworking etc.	10.6	49	216
Chemicals soap etc.	13.2	31	426
Brewing malt etc.	18.4	96	198
Stationery etc.	4.7	26	181
Hardware hollow- ware etc.	4.2	20	215
Musical instruments	5.7	18	324
Scientific apparatus	4.1	15	276
All other trades	110.3	375	94
TOTAL	288.5	1,015	84

The most important London industry judged by output is printing book-binding and publishing and here London accounts for about one-half of the production of the entire country. Again in engineering London is engaged mainly in the lighter branches—undertakings within that area produced 45 per cent of the country's output of electrical products and one-quarter of its motors cycles and aircraft but in mechanical engineering in which the north predominates the proportion was less than one-sixth. It is natural that a higher output *per capita* should be recorded in the production of highly finished clothing and metal products than of mass-produced clothing textile materials pig iron and steel. Similar distinctions operate in chemicals where London produces drugs dyestuffs ink soap and matches in food and drink and other sections of industry. Hence the margin between the *per capita* output figures for London and the entire country is readily explained.

Almost inevitably along with this disparity of type of product goes a difference in the size of the average industrial unit. London is not the home of vast undertakings like those which characterise for example the north-east coast Scotland and South Wales. The recent

New Survey of London Life and Labour

contains statistics bearing on this point showing that in Greater London the number of employers of ten or more insured work people in 1930 was over 21,000 and that they employed on the average about 66 workers. More than one-half of them employed less than 20 insured workers, three-quarters less than 50 and nine-tenths less than 100 while the number of undertakings employing over 2,000 insured workers was only 34. London's industry is thus predominantly in the hands of the comparatively small employer. Again the latest report of the Chief Inspector of Factories gives the number of factories in Greater London in 1933 as 32,000, approximately one-fifth of the total for Great Britain while workshops numbered 19,000, nearly one-quarter of the figure for the whole country. The proportions are significant when it is remembered first that London's insured industrial workers account for less than one-sixth of the country's total and that a workshop as distinct from a factory, is in general a place in which no mechanical power is employed. Both in respect of size of unit and type of product therefore London is clearly distinguished from the rest of the country considered as a whole.

LONDON'S RECENT GROWTH

We pass now to consider London's experience over the past decade as compared with that of the country as a whole. The table compiled from the census of production shows clearly the divergent trends over the period 1924-30 for whereas London's net output increased that of the whole country declined. London in 1930 had thus come to account for more than one-fifth of the country's industrial output and it seems likely that the quota has since been maintained for the proportion of insured workers unemployed in London has throughout been considerably lower than in the country as a whole and as late as September this year London's percentage of unemployed was 8.5 as compared with 16.1 for Great Britain. Other statistics tell the same story. Thus in 1932 and 1933 respectively the numbers of new factories established in England alone and employing 25 or more people were 636 and 463. Of these new establishments 261 and 220 respectively were situated in Greater London. In other words nearly one out of every two new factories established in England was placed in the London district. Moreover London closed fewer factories relatively to the number opened than the country as a whole. How then, are we to account

for London's more favourable record and for the steady proportionate growth of her industrial activities? The first part of the question is not difficult to answer for the explanation lies largely in the type of goods produced. The depression fell with greatest severity on the exporting trades and the industries producing capital goods of large bulk and in neither of these is London predominantly interested. Moreover it is well known that although the depression seriously reduced the volume of employment it did not reverse the trend towards a higher standard of living among those at work. Consequently the demands for luxury and semi-luxury products in which London specializes were surprisingly maintained. Hence London was a more favoured area than the great textile districts and the homes of the heavy industries.

As for the second part of our question the growth of London as an industrial area can in no way be attributed to a positive southward transfer of industry. In 1933 for example only three factories employing more than 20 workpeople can be said to have moved from the north to the south. The divergence of experience consists simply in a growth of industry in the south unaccompanied by an equivalent expansion in the older established industrial areas. The disparity is illustrated in the numbers of insured workers whether employed or unemployed in different parts of the country for in the ten years to July 1933 the total number increased by fifteen per cent and although no district recorded a decline the sectional increases showed substantial differences. The lowest was recorded by Wales with four per cent and no northern district showed an increase of more than ten per cent while the figure for the Midlands was nearly seventeen. London's number, however, rose by twenty three per cent while the south west recorded a similar increase and the south east as much as thirty eight per cent.

The reasons for London's growth during regarding short term fluctuations are mixed for they lie in considerations of advantage on both the productive and distributive sides. Some of them have already been hinted at in earlier remarks. Perhaps the chief advantage possessed by London as a site for industry lies in its proximity to a very large and comparatively wealthy market which can be reached with a minimum of cost in the transport of finished goods. The relatively great consuming power of London has been found

to demand more and more of the highly finished goods—the prepared foods, the wireless sets, the proprietary medicines and so forth—which London produces in response to economically higher standards of living and it is accordingly natural that many of the younger industries born of mankind's insatiable appetite for something new should have settled in the neighbourhood of London. Thus some of the arterial roads in the outlying parts of the district are lined with new factories operating principally to meet these fresh demands. The heavier industries—the vast mill and millinery plants—characteristic of the north are almost entirely absent but there are factories for the manufacture of patent food products, toilet requisites, radio components, cinema equipment, motor car parts, and many other products with little in common except that they are rapidly passing from the luxuries of his generation to the social necessities of the next.

The south has gained in addition from changes in the technique of power in industry. The industrial greatness of the north and Midlands was built largely on the ready availability of coal which came to be practically the only utilized source of power. The high transport cost of coal made it essential that industries should be established within easy reach of cheap supplies at the pithead. With the more widespread distribution and industrial adaptation of electricity however this comparative advantage of the older industrial areas has been largely lost at least so far as new industrial units are concerned. It is significant that of the new factories established last year of which London accounted for nearly one half, nine tenths were equipped with no form of power other than electricity.

Again mention has already been made of the force of the world depression in its effects upon the great export industries, more particularly in Scotland, the north east, Lancashire and South Wales. Even allowing for an prospective recovery in export business it seems to have become accepted that Britain's former dominance in overseas trade has passed, and that accordingly the trend has been towards a basically lower degree of importance of export trade as against production for the home market. The mere existence of the general tariff indicates widespread and authoritative recognition of this view. Thus again since London produces mainly for the home market is a factor tending to press forward industrial development there superficially at the cost of other areas.

Add to the considerations the fact that many of the raw materials for London's industry have for local or even centuries been brought to London's port for local and that the development of road transport has been particularly rapid and thorough in London facilitating the carriage not only of material and products but of daily life as well a little more need be said to explain the movement. One other element in the position however must be mentioned the comparatively low level of local taxation not without importance even the derating of luxury. The retail prices in the whole of the United Kingdom of London are attributable partly to the fact that the areas have only a few developed natural accumulations of high quality minerals. Moreover the comparative abundance of employment has particularly in London the population in the poorest of the high class areas living upon a very low level of income.

The effect of London's industrial area is that it has a response on the national level to the changes in the demand for the products of the technique of production and distribution. Economic conditions in this country are such as to produce a rapid change and the process is not only a local problem and not only a local problem but a national one. The sort of change is not a new thing happened with the textile wool industry migrated from the eastern counties to the West Riding when the iron industry moved from the Weald to the Midlands in search of woollen linen the great new steel industry of the Cleveland area rivalled the established iron works of Staffordshire and South Yorkshire when the linen industries of Scotland and England languished in favour of Ireland when the Aberdeen clipper was replaced by the iron ship built on the Clyde. All such changes inevitably bring with them displacement of labour and of capital with measurable suffering and loss both of personal skill and material resources. Happily the acuteness of the results of industrial shifting in the post war period has at least engendered some sense of national responsibility for its consequences in the injured areas. Moreover no direct can properly be described as derelict so long as enterprise survives. There have been serious recent years that in the most depressed areas plans are being

carried out which may well compensate them in part at least for the loss of former activities. The great reconstruction of steel works in South Wales the development of oil from coal undertakings there and on the Tees the project for the manufacture of a raft on Tyne—these are a few of the better known signs that point to re-expansion of industry. The recovery of employment in the areas suffering so fully from the results of displacement of labour and the development proceeds it is perhaps not too much to hope that statistics such as we have quoted for the cryptic purposes may in the next few years attain a closer balance between London and the provinces with each area benefiting from a growth of prosperity in all.

CONCLUSION WITHIN THE STERLING GROUP

Among the earliest adherents to sterling following its separation from gold are the three Scandinavian countries and the near neighbour Finland. Although the relations ships between their respective currencies and sterling have not remained fixed throughout the past three years yet for long periods the rate have shown a degree of steadiness parallel only by currencies within the British Commonwealth. As the net result of the movements since September 1931 the Swedish crown now stands at nearly 91 per cent of its sterling parity the Norwegian at about 91 the Danish at 81 and the Finnish mark at 85. Meanwhile sterling itself has declined to roughly 60 per cent of its gold parity. It is useful then to summarize one aspect of the course of economic affairs in the four countries—the balance of international payments—observing at the outset however that on the whole both business and financial conditions throughout as in the centre of the sterling group are better than they were three years ago.

In the table below are given figures for the net balances of the three main groups of payments to and receipts from abroad on current as distinct from capital account for each of the four countries. To these are added unadjusted merchandise trade figures for the first nine months of this year and last. It will be observed from the interest and dividend items that Sweden alone among the four is a creditor country the other three having paid out year by year fairly steady net amounts to foreign creditors. On services again the net results year by year have been fairly steady. Norway receiving the largest income by reason of her important shipping and try. It is in respect

of merchandise that the largest movements are shown Sweden, to whom a merchandise import surplus is familiar, has consistently reduced the size of the surplus since 1931. At the other extreme Finland has considerably enlarged her merchandise export surplus. In Norway the trend has been similar though not so marked to that of Sweden while Denmark shows on balance a diminution of her import surplus. Clearly then in respect of the net balances of merchandise transactions a general and substantial strengthening of the position has occurred since 1931.

Excess of Imports (-) or Exports (+)

	Year				9 months	
	1931	1932	1933	1933	1934	1934
SWEDEN (Sw kr millions)						
Merchandise	-304	-20	-13	-22	-13	
Services, etc	+183	+169	+150			
Interest and dividends	-6	+128	+78			
Balance on current α_c	-127	+92	+213			

Average exchange rate (kr to £1)	17.95	18.96	19.19	19.12	19.40	
DENMARK (D kr millions)						
Merchandise	-175	-5	-64	-14*	-50*	
Services, etc	+131	+142	+150			
Interest and dividends	-70	-74	-90†			
Balance on current α_c	-74	+63	-4			

Average exchange rate (kr to £1)	18.10	18.64	22.30	22.13	22.40	
NORWAY (N kr millions)						
Merchandise	-296	-116	-70	-84	-120	
Services etc	+221	+239	+239			
Interest and dividends	-70	-85	-83			
Balance on current α_c	-145	+38	+86			

Average exchange rate (£kr to £1)	18.12	19.50	19.73	19.68	19.90	
FINLAND (Fmk millions)						
Merchandise	+990	+1,145	+1,300	+99	+832	
Services etc	+433	+615	+490			
Interest and dividends	-436	-583	-590			
Balance on current α_c	+987	+1,177	+1,350			

Average exchange rate (Fmk to £1)	193.7	226.1	226.7	226.8	226.6	
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* 8 months only

† Including small amounts of amortization

How, then has this result been attained? The mere fact of depreciation in terms of gold units and to a varied extent in terms of sterling has assisted the export trades

though Denmark in particular has failed to secure full advantage of this factor partly because of her directly competitive relationship with British Dominions and partly because of measures designed to improve the conditions of British firming. When we examine the gross figures of imports and exports year by year we find that the variations while not uniform as between the four countries have something in common. On the export side the value of Finnish goods sold abroad has increased consistently since 1931 while Norway also has recorded some expansion the value of Sweden's exports declined in 1932 but has since recovered to the 1931 level while Denmark's although showing a substantial recovery are still somewhat lower. Applying to these movements the relative degrees of exchange depreciation and making allowance for other special factors we are left with the common residuum of experience namely that the export trade of these countries has held up remarkably well especially when it is remembered that Germany and other European countries have for long constituted important markets for their goods. On the import side again there are variations in experience due no doubt in part to the different measures necessitated by the relative acuteness of the effects of the world crisis from country to country. Thus Sweden's imports show a marked decline in value from year to year Norway's decline sharply in 1932 and have since remained steady. Denmark's fell sharply and rose again presumably in consequence of the sudden lowering of the exchange value of the crown in January 1933. Finland's remained steady though 1932 and have since risen. On the whole therefore while export trade has been well maintained the general strengthening of the balance of current payments must be attributed partly to reduction of imports, Finland providing the exception to this experience mainly perhaps because of the early and sharp depreciation of the Finnish in terms of sterling.

It is when we come to examine the distribution of the trade of these countries that the first ground of justification for our title is disclosed. On the whole the proportions of exports from the four countries which have gone to Germany and to the components of the 'gold bloc' have been surprisingly maintained though a slight shift is traceable towards larger proportions for the United Kingdom in particular and the 'sterling group' in general. In respect of imports,

however a far more pronounced is noticeable for all four countries record larger proportions from the United Kingdom and in general the whole is marked from the sterling group as a whole. This tendency to buy more from than the group is natural partly because of the appreciation of gold currency in terms of sterling partly because of the steady rise of the four exchange rates with sterling and partly perhaps in more recent times because of the trade agreements entered into between Great Britain and each of the other four countries. The late London Convention came into force for the fourth record in Denmark June 1933, Sweden and Norway July 1933, Finland November 1933.

The projected results on the currency balance of payment have been utilized in various ways. All have the same tendency to strengthen the position of the four countries in relation to the rest of the world. Sweden the only creditor to the group on the four in 1931 has secured a gold loan to cover its deficit in 1931 has an accumulated large surplus term a set aside and the process has been intensified in the case of long term assets in the same result. In 1933 it appears from the return of the Riksbank a substantial part of the net result of the gold process being a high liquid position affording ample protection against any possible pressure. The Swedish crown has been maintained from trading or other causes. As for the three debtor countries Finland has utilized her surplus to reduce her foreign and short term external liability thus easing her position by reduction of future outgo in respect of interest and dividend remittances. Denmark whose experience on trading account has been perhaps the most unfortunate covered her deficit in 1931 by sales of gold and by drawing on her foreign short term assets thus in effect increasing her net external indebtedness but in 1933 the previous net increase in indebtedness was extinguished and over the whole period it can be said that

her position in relation to the rest of the world has been held steadily. Norway whose balance of payments shows steady improvement like Sweden and Finland strengthen her position by lending rather than the London procedure by reducing her indebtedness abroad. The recent placing in London of debentures of the Union Company of Oslo in addition to the short term external assets of the Norges Bank had no net effect on her position as a debtor country.

This brings us to our final point. Just as in mercantile trade the bonds of intercourse are being strengthened within the sterling group so also the improvement in balance of payments is having the effect of increasing solidarity. It is small since the policy of each of the four countries has been to regulate the exchange value of its currency by reference to sterling and enlarged short term assets accumulated by them for the control of exchange fluctuations would take the form mainly of sterling. The result is to strengthen the sterling. Consequently as a result to the sterling group has yielded solid benefits to all the parties to Great Britain no less than to the associated countries—so the benefits have themselves been closer co-operation within the group. The result is gratifying to this country as we hope and believe to the others but it clearly places upon this country and its monetary authorities a weight of responsibility transcending that which arises from consideration of our own trading and financial position. Even such matters as the internal finances of our own Government—so far as they affect our monetary situation—cannot be justly settled without full regard for the possible consequences over the world area encompassed within the sterling group. The behaviour of sterling no less than its ultimate fate in relation to gold and to currencies now on gold is a matter of immediate and vital concern to a constituency far larger than is represented in our own House of Commons.

the potentialities of expanding direct trade relations between the two countries. Some important suggestions were made by the members of the Committee and at the request of the Chairman Mr Brennan kindly undertook to furnish the committee with necessary information regarding the requirements of the South African importers and also such exportable articles of South Africa as might find a wider market in India.

Mr A. T. Brennan the South African Government Trade Commissioner in Batavia while on tour in India met the Committee of the Bengal National Chamber of Commerce. Welcomed and introduced to the members by Sir Har Sanker Paul Mr Brennan explained the object of his visit to India and discussed the possibilities of developing trade between South Africa and India with special reference to such articles as jute (both raw and manufactured), tea, gold, diamonds etc. and also

Canadian Trade and Finance.

World Business Conditions

Montreal October 25 1934—In Great Britain and in the countries of the Scandinavian peninsula the total volume of production in 1934 has exceeded that in 1928. In Europe with the exception of those countries which have maintained the gold standard or a semblance of that standard conditions have continued to improve and throughout the world the countries which are loosely classified as being members of the sterling bloc have led the way in slow but consistent recovery. In Japan production is said to be 40 per cent in excess of that in 1928 and throughout Latin America trade has improved materially as compared with last year. In Canada improved prices for wheat and other agricultural products the increasing production of the mining industry and the exceptional expansion in forestry are indicative of the improvement which has become quite general throughout the country.

In Canada and in many other countries discussion of immediate internal business conditions is followed by speculation concerning prospects in the United States of America. Frequently the summary is stated in the following form. While business is not improving as rapidly as we might wish yet prospects seem distinctly favourable provided there is no major reversal in the United States. The United States controls a sufficient proportion of the world's wealth and its total volume of consumption is so large a proportion of world consumption that no competent forecast of internal conditions can disregard the developments which may occur in that country. In contrast with this summary of business conditions which is a fair statement of the situation which prevails in many countries consider the summary which might be written within the United States. In spite of a certain lack of financial confidence and despite the lack of activity in construction and durable goods, the total volume of business has shown substantial improvement above the low level of 1932 and it is still possible that a recovery in the last months of the year may bring the total volume of production for the year above the totals attained in 1933. Certainly, unemployment has been reduced and prospects favour continued improvement unless there are unfortunate developments abroad. Both this statement and the previous one are expressions of

the interdependence of business conditions throughout the world. Within the United States excessive pessimism as to world conditions retards improvement and doubt as to prospects in that country holds back business in other countries.

While there are reasons for this mutual distrust it would seem that the barometer is rising both within and without the United States. League of Nations statistics show a decided improvement in international trade both the exports and imports of Canada for example have expanded rapidly in recent months. Business in all British countries, Japan, Scandinavia, South America and a number of other countries has improved considerably. Notwithstanding the fears pressed by many commentators political stability is steadily increasing and the manner in which all governments have united to prevent repercussions from international incidents as last summer augurs well for future peace. In a previous number we discussed the extent of the building of new factories in Latin America and to mention an outstanding instance new buildings are being constructed at the rate of three hundred per month in the city of São Paulo. In most of the countries mentioned above cheap and plentiful money has begun to have its normal influence in the investment markets and new construction of various types is spreading employment through many industries. A final factor but one which has not yet assumed great importance is the slowing down of the trend toward excessive nationalism in economic policies. Restrictions on the export of funds are being modified increasing facilities are available to those who need to transfer funds between countries. As yet there has been no general tendency toward reduction of tariff but almost every country is engaged in making a series of treaties with other countries and the resultant reduction in trade barriers is an important element in the increase in the total volume of world trade. Perhaps the most constructive item of news in this connection is the recent announcement that France has abandoned the system of quotas.

In the United States the depression became more acute than in other countries. If capacity to survive unprecedented shocks constitutes a basis for confidence in the future the future of the United States is assured. The

government has spent and is spending money freely but alarm concerning such expenditures would seem to be somewhat exaggerated when it is considered that if the United States and individual states were to maintain the recent scale of expenditure for twenty years, the resultant debt load would bear no heavier proportion to normal pre depression national income than does the present debt load in Great Britain. Further, if government, state, county and municipal debts are combined, the total amounts to less than fifty billion dollars as compared with a normal income that amounted to between seventy five and eighty billion dollars per year at the price level which prevailed under the old gold standard. With a depreciation of 40 per cent it seems probable that national income may easily exceed one hundred billion dollars. The public debt of Great Britain is a sum equal to twice the national annual income, and when the debt of local government bodies is added it comes to a sum more than two and one third times as large as the national income.

In all countries careful thought and study are being given to the course of governmental policy best designed to facilitate recovery. On one issue there seems to be peculiarly sharp divergence of opinion. Some governments have entered upon programmes of large scale public works expenditures with resultant unbalanced budgets, on the theory that the effects of such expenditures must be to stimulate general business activity. In other countries governments have sharply retrenched and have found themselves in a position to reduce taxation and to lighten the debt load by refunding operations. The first of these two policies is inflationary if not offset by other deflationary factors and disturbing legislation which tends to check the normal initiative of business men in the efforts to take advantage of business expansion. The second policy while apparently deflationary, is designed to win the confidence of the financial community and thus to secure the maximum co operation on the part of business in efforts to expedite recovery. It is noteworthy that in the United States, for instance, in normal years thirty to forty billion dollars a year are spent upon durable goods—a term which includes capital goods such as factories and machinery as well as more lasting consumers goods such as homes and automobiles. Certainly, no feasible increase in government expenditure can offset a major shrinkage in the expenditures of the investor. Government policy which tends

to encourage the issue of reliable securities and to foster investment and even honest speculation creates those conditions which permit business to do its part in speeding recovery.

In many countries it is difficult for business to take the lead in efforts to restore prosperity because of public distrust of business leaders. Unusual prosperity seems to breakdown the homely virtues and in many instances, although by no means generally, to undermine business morality. This, together with subsequent waves of reform, accentuate distrust in financial institutions and in business leadership. Such distrust of leadership, together with over stringent legislation brought on in the name of reform, together with disputes between capital and labour and the political unrest which holds the stage in many countries, retards recovery. They are not only symptoms of depression, but also symptoms of recovery, since they manifest themselves most clearly after recovery is under way.

While all authorities are in agreement that increased purchasing power is a necessity as a means toward recovery, authorities disagree as to the means by which this end may be best attained. There is a very considerable body of opinion which has advocated an advance in wages as the most direct means of securing increasing national purchasing power. The arguments in favour of this viewpoint have been widely broadcast in recent months and there is no need to do more than mention them in general.

On the other side of this argument is the experience of the individual company executive who is using every means within his power to lower costs and restore his company to a position where it will show profits. Many such executives are in sympathy with the viewpoint previously expressed, but they cannot see how such an argument applies to their own situation, since they have the knowledge that without drastic retrenchment they will be forced to restrict operations or, in extreme cases, to close down and thus accentuate deflation.

During the worst of the depression the maintenance of employment even at low wages may mean less suffering than that which will follow upon a mounting volume of unemployment. The total real income of the country is the total volume of production. As the total volume of production is diminished there must be a corresponding decline in consumption and a proportionate decline in

the standard of living. The maintenance of a wage scale which reduces the total volume of production necessarily accentuates depression. If this is a fair statement of the wage policy during depression let us examine the comparative effects of relatively low wages and of advancing real wages in the early stages of recovery.

The company which has been operating for three or four years without profits is not likely to be willing to pay out in wages the full additional amount which it receives as a result of the first advance in prices which occurs during recovery. Quite aside from the point that the owners have been receiving little or no return on their investments it is doubtful whether such immediate wage payments constitute the most effective method of cutting down unemployment and increasing the aggregate buying power of the community. On the one hand if wages are increased the resulting expenditure will add a direct increment to the purchasing power of the community but it also follows that management will make special efforts to keep down the number of new employees both by the use of new labour saving machinery and by other methods of increasing the per man output. If the new increment in revenue goes to capital instead of to wages the corporation which has been showing no profits for several years may show reasonable earnings. In terms of values in the security markets the securities of the corporation are likely to advance by at least ten times the increment in earnings. They may advance much more than this since the psychological situation will have changed from one in which security holders fear the worst to one in which they hope for the best. In the second place the corporation itself will be in a far better position to undertake and to finance expansion in its own activities including under this heading alterations, repairs and improvements as well as direct increases in production. Each of these activities will tend to swell the total volume of wages within the country. In the third place as the holders of the securities of the corporation begin to see their holdings advance in value their own reactions to the situation change and they are willing to realize upon or borrow against the additional values of the securities mentioned to finance expansion of both a corporate and private character. The amazing building programme in Great Britain which has been the feature of their recent recovery can be clearly identified with the

great improvement in values of government and corporation securities beginning with the government's scheme of debt conversion.

Certainly the question as to whether in a case profits should precede or follow upon an increase in wages is a subject upon which there has been insufficient research. Which plan will bring about the quickest restoration of employment? Which plan will lead most likely to an increase in the total volume of wages and a rise in the buying power of the country as a whole?

The government which desires to secure business co-operation in restoring employment must not create conditions where profits are impossible. Such theories may not sound realistic but it is important that in this matter government should be pragmatic and that they should do that which brings real recovery by the shortest route. To create that stability which will permit well managed companies to make profits is an objective well worthy of pursuit. Business is adaptable and can acclimate itself to widely varying conditions provided those conditions remain stable. Uncertainty as to future legislation is most disturbing. The business world seeks stability and prosperity can be attained where basic laws are unchanging and where peace is assured.

THE BRITISH COLUMBIA LUMBER INDUSTRY

There is no part of Canada in which recovery has become more general than in British Columbia. With the mines steadily increasing their volume of production with the farms only slightly affected by the drought which was prevalent throughout both the United States and Canada this past summer with a substantial increase in the number of tourists visiting the Province and with business activity showing a consistent upward trend it is not surprising that optimism has become general. It is the improvement in the logging and lumbering industries however that has constituted the main element in the rapid recovery in British Columbia.

Lumber production in 1932 as recorded by the official scale of the Provincial Forestry Branch was the smallest since 1917. In July last the scale was the highest in five years and amounted to 273 million feet as compared with 181 million feet in July 1933. August figures fell off somewhat from this record peak but for the third month in succession the output exceeded 200 million feet. For the year ended August 31 1934 total production reached 1830 million feet an increase of 40 per cent over the previous year.

(1) Deputy Collectors shortly to administer them

SUGAR PROTECTION

The *Hindustan* understands that the recent six monthly returns from customs revenue on sugar imported into India and from the excise duty on sugar produced in India are engaging the attention of authorities here. It would appear the total revenue derived from both these sources during the six months ending September '30 have exceeded the anticipation of Government and have even gone beyond the estimates of Government for the whole year, a fact which would it is stated in well informed circles, warrant a further protection to the Indian sugar industry in this country.

THE EFFECTS OF THE SUGAR EXCISE DUTY

The *Malpratt* has a contributed article on the hardships inflicted on the Indian sugar industry by the excise duty. The duty was levied in the face of the unanimous protests from the mill owners. If this duty had been imposed in the year 1933 it could have done some good to the country in the way of stopping many of the factories that cropped up in the said year thereby removing the present congestion. The Government wanted of course to impose this duty last year itself but was unavoidably forced to wait till 1934 by which time more factories had been started—78 being erected during the year bringing the total to 135 factories in 1933-34. Since the imposition of the duty, the price of sugar has abnormally gone down. This lower level according to this writer has been brought about by

(1) severe internal competition among the Indian factories

(2) less demand from consuming centres

(3) blockade of Indian sugar to distant markets and

(4) increased output of Java sugar in Indian markets at a comparatively lower price than in previous years.

As at present envisaged, there seems no possibility of the sugar price even remaining at the level to which it has come on the other hand it is bound to be even more depressed. The article says. Since 1931 the price of sugar has been dropping down by almost one rupee every year and the factory owners in India will not be surprised to see a level of Rs 6-2-0 to Rs 6-8-0 (exclusive of duty) at the most obtaining during the coming season 1934-35. Any price above this level is not likely owing to the following reasons—

(a) The competition will continue as severe as before, if not more, intensely

(i) During 1933-34 many of the new factories started somewhat late—some in January and some in February—whereas during the coming season every one of the factories will decidedly start crashing by the third week of November, if not earlier.

(c) During the cane season just ended some of the factories were put out of action in North Bihar due to Earthquake.

The above disadvantages removed, all the sugar factories in India will surely flood the markets with their sugar, which will positively bring the sugar price to an unprofitable level.

After detailing the average cost of sugar produced by a few well managed factories the writer poses the question how this catastrophe can be averted. Something has got to be done now otherwise the situation will go out of control and it will not be long before some of the factories will become extinct or change hands as was prophesied by one of the Java business magnates. Some of the people interested in the industry are already aware of the impending situation and the untiring Secretary of the Indian Sugar Mills Association is calling a conference where, it is hoped, the interests of all the factory owners will be well represented. It is imperatively necessary all the factory owners should muster strong on this occasion and give a start to some sort of concerted action, by which only this industry could be saved from the impending disaster. In this connection I beg to put forth some of my personal views, which, I believe, will be of some interest to my friends.

Firstly, I suggest the formation of a Sugar Selling Organization with branches all over the important markets and disposal of certain percentage of each and every factory's production in all the distant markets and standardization of quality. This idea has been discussed in almost all the previous Conferences of the Association and the sooner a start is made in this direction the better it is. Mr Gandhi has already circulated important suggestions and now it remains only for me to stress that every factory owner should be asked to pledge himself to carry out whatever unanimous decision is arrived at at the Conference.

Secondly, sugar must be quoted for F O R destination instead of Factory delivery basis, which would mean higher prices for the Factory than those obtained at present.

Thirdly, utilization of Molasses. This is engaging the earnest attention of the Sugar

Technologist and the Imperial Council of Agricultural Research. If a profitable outlet is found for this bye product the Industry will be greatly benefited.

The above suggestions will go a long way to give a start in the right direction.

Further I would urge an influential deputation to wait upon the Provincial Heads of the U. P. and Bihar and Orissa Governments and see that the price of cane be fixed at a price very fair to the agriculturist as well as to the manufacturers if at all the Government is keen enough to fix a price. Any price above a fair average in comparison with the selling price of sugar will not only mean complete ruin to many of the sugar factories but also to the agriculturists as well who will be the worst sufferers in view of the fact that the capitalists will only lose their capital whereas the agriculturists will lose a ready market for their cane which is the only cash crop at the present moment.

THE SUGAR TECHNOLOGIST'S REPORT

Mr R. C. Srivastava, the Sugar Technologist to the Imperial Council of Agricultural Research of India has submitted a Note on the production of Sugar directly from cane in modern factories in India during 1933-34. It does not deal with the total production of sugar in India but only with the portion produced by modern vacuum pan factories directly from cane. The Note gives the number of factories that were added in 1933-34, their working during the season and the effect of the earthquake on this industry in Bihar.

The production of sugar direct from cane in India totalled 453,965 tons during the season 1933-34 as against 290,177 tons during 1932-33. Out of the total production for 1933-34 the production of sugar by new factories amounted to 147,700 tons whilst that of old factories was 306,259 tons. The production of old factories thus shows an increase of 5.5 per cent over the previous year. The total increase in the output of sugar during the season 1933-34 over that of the previous year amounts to 163,788 tons. Statistics disclose that the quantities of cane crushed and sugar and molasses manufactured by the old factories in the United Provinces during 1933-34 were considerably larger than in 1932-33. But the new factories did not do as well as the old ones due to their lower extraction percentage and the shorter working period during the season. The working results of the new factories were inferior to those of the old factories in all the provinces during the season. The all India increase

in the quantity of cane crushed was over 53 per cent and in that of sugar and molasses produced 56 and 45 per cent respectively. The highest recovery for the season was 10.98 per cent as against 11.10 per cent during the preceding season. It is gratifying to note that in spite of a number of adverse circumstances the average extraction for the whole of India shows a slight increase the figure being 8.80 for 1933-34 as against 8.66 for 1932-33. The average extraction percentage shows a marked increase in the United Provinces the figure being 9.08 per cent as against 8.55 per cent during the previous year. But in Bihar and Orissa the recovery has declined from 8.60 per cent 1932-33 to 8.32 per cent in 1933-34 due to the havoc wrought by the last earthquake.

The recovery of sugar in new factories was on the whole satisfactory though the figures for a few factories were very low. Improvement in recovery was a feature of the results obtained by factories in the United Provinces during the last season. As many as nine factories in India had recoveries of 10 per cent and over. Out of 112 factories in India 63 had recoveries of 8.5 per cent and over. The factories which did best in northern India were those situated in the eastern districts of the United Provinces and in the Saran district of Bihar. This area was not affected either by the earthquake

by the adverse natural conditions which prevailed in the west of the United Provinces and the season in the area was therefore normal. This shows that given a normal crop the factories are now in a position to show results well above those obtained in the past.

The year under report was in several respects an unfortunate one for the cane sugar industry of India. In the western districts of the United Provinces which comprise a large cane acreage the crop was damaged by late rains and floods followed by an attack of certain insect pests. The demand for cane was at the same time increased as a number of new factories were built in this area. This resulted in a shortage of cane supply and in a deterioration of the quality of the raw material which on the one hand shortened the working season and on the other lowered the recovery of sugar of these factories. In North Bihar another important sugar producing tract, the disastrous earthquake in January 1934 caused serious damage to several factories particularly in the districts of Champaran, Muzaffarpur and Darbhanga. The diversion of

cane crop to other factories was hampered by the dislocation of rail and road transport. Such cane from the earthquake area as could eventually be taken up by factories was so dry and stalk that the average recovery of sugar was materially lowered. It is a remarkable tribute to the inherent soundness of the industry that in the face of these adverse natural factors and in spite of the fact that a record large number of new factories made their debut during the year the all India average recovery of sugar registered a distinct advance over the preceding year which is most marked in the case of the United Provinces.

The prospects for the coming season are favourable and it is expected that this improvement in recovery will be well maintained. Apart from a good crop and the improvements and extensions of plant which have recently been made the most hopeful feature consists in the realization on the part of factory owners of the supreme importance of employing only the best technical staff. The determining factor in the future in regard to improvement in efficiency will be the extent to which the importance of employing none but the best qualified technical staff is realized.

THE INDIAN SUGAR MARKETING BOARD

Mr. M. P. Gandhi, the Secretary of the Indian Sugar Mills Association, Calcutta, writes on the Indian Sugar Marketing Board in the *Indian Manufacturer*. The necessity for this has arisen from the fact that the production of sugar in India will be practically equal to the estimated consumption of sugar in this country from the year 1934-35.

The annual consumption of sugar in India during the last few years may be taken to be roughly about 9 lakhs tons.

Roughly it may be assumed that one ton of sugar is consumed by about 400 people in India at the present time.

Imports of sugar have been rapidly decreasing during the last five years and now a position has been reached wherein it would be definitely disadvantageous to the industry if any sugar is imported from foreign countries in view of the production of sugar in India being practically equal to the present estimated consumption.

Indeed it may be necessary for India to think of exporting sugar to other countries if any more factories are now established and if the consumption of sugar in India does not increase during the next one or two years.

The Indian Sugar Mills Association convened two Conferences in the month of August and decided to establish a Sugar Marketing Board with a view to regulate distribution of sugar in a manner which would make importation of sugar from foreign countries difficult and avoid overlapping and eliminate wasteful competition internally. It was felt that if an organization could not at once be set up which would undertake sales of all sugar manufactured by the Indian industry an attempt should be made to send from the various factories a certain percentage of sugar to the port towns to be sold at prices which can compete with imported sugar with a view to keep out the imports of sugar from foreign countries. The idea appealed to a large number of sugar manufacturers and it was decided to establish a society called the Indian Sugar Marketing Board under the Trade Unions Act XVI of 1926 at Calcutta. It is hoped that as a result of the successful functioning of this Indian Sugar Marketing Board the industry will be able to utilize to the maximum extent the protection granted by avoiding wasteful and unregulated internal competition and by concerting measures which would help the industry in stabilizing itself before the period of protection expires in 1947.

The Indian Sugar Marketing Board will have a Committee of not more than 25 members which would be composed of representatives of factories situated in the Western U.P., Central U.P., Eastern U.P., North Bihar and South Bihar, Bengal, Punjab, Madras, Bombay and Burma. It is hoped that the Indian Sugar Marketing Board will start functioning by January, 1935. The Marketing Board will appoint agents for sale of sugar at the ports of Rangoon, Madras, Bombay and Karachi and will sell sugar supplied from various factories in U.P., Bihar and Bengal of qualities corresponding to Indian sugar standard Nos 17, 18, 19 or better at the various ports and as when required by the Marketing Board. The percentage of such supplies, however, is not to exceed 30 per cent of the total production of any factory. It has also been provided that the Indian Sugar Marketing Board will start its operations only when factories representing 75 per cent or more of the total sugar production in the U.P., Bihar and Bengal join and agree to the scheme proposed, or of supply of such percentage not exceeding 30 per cent of the total production of factories as may from time to time be specified by

the Board to be sent to such markets served by the ports of Madras Bombay Karachi and Rangoon and such other ports as may be fixed from time to time by the Board

THE S A SUGAR YEAR BOOK AND DIRECTORY

We have received a copy of the S A Sugar Year Book and Directory for 1934 a reference book and guide to the sugar industry of South Africa (Compiled and edited by H O Andrews Editor, *S A Sugar Journal* and published from the office of the S A Sugar

Journal, St Andrews Building Esplanade, P O Box 1209 Durban) It is an excellent ly not up volume giving a mine of information on the industry in South Africa It is an exhaustive directory of the factories and companies dealing in sugar The book deserves to be used by the Indian sugar industrialists because our own sugar industry is assuming great proportions it needs to be helped and guided aright by the lesson and experience of advanced countries like South Africa

Economic Notes.

Grant to Handloom Industry

As a result of the assurance of the Commerce and Industries Member to the Government of India they have sanctioned a grant of Rs 2 lakhs to be distributed to the provinces for the development of handloom industry for the five months of the current financial year—November 1934 to March 1935 The grant for the next year will of course be a greater amount Rs 4½ lakhs We have already pressed in these columns for a more liberal grant to this industry, without which the peasant farmer in India will be still more impoverished and consequently ruined beyond recovery Half a loaf is better than no bread and it is a good sign that a beginning has been made in this direction While in this subject we wish to draw the attention of the Government of India to the herculean efforts of Mahatma Gandhi to revive and reorganize village economy Will it be too much to hope that both the Government and the Mahatma will co operate in this non political undertaking and drive the wolf from the agriculturists door? To the Congress men who have been returned in such huge majorities to the Assembly we would like to appeal that they would do well, among other things, concentrating on using their power and influence in furthering the cause of the Indian villagers

INDIAN COASTAL RATE WAR

It is pleasant to record that an agreement has been arrived at between the British India Steam Navigation Company and the Asiatic Steam Navigation Company regarding the rate war in non Indian waters The British India Company will allow the Asiatic Steam Navigation Company the same old percentage of tonnage that is 14.5 per cent and 40 per cent to the Scindia reserving 45.5 to them selves

EXPENDITURE ON RAILWAYS

The Indian Railway Standing Finance Committee have sanctioned a programme of expenditure of Rs 14½ crores for next year Rs 20 lakhs have been allotted for new construction 10 to complete the Jhudo Pithoro line already begun in September 1934 and 10 to construct the Karakudi Melur Madura line

THE RESERVE BANK FOR INDIA

It was announced very recently that Sir Osborne Smith will be the Governor of the Reserve Bank to be inaugurated on April 1 The places of the European Deputy Governor in the Indian Deputy Governor have been filled up Mr J B Taylor of the Indian Currency Department and Sir Sikandar Hayat Khan have been asked to fill the two places Sir Osborne Smith has had experience banking in what was and will be the most prominent bank in India till the Reserve Bank begins to work Though he deserves the place he has been posted to it is a sorry spectacle that Indian talent has not been recognized There are Indian banking experts with more than the knowledge the ability and the standing of Sir Osborne whose services could have been more easily requisitioned The Rt Hon V S Srinivasa Sastri said on an important occasion that even the noblest Englishman cannot think and act as an Indian while great matters of policy are under discussion and the feeling is more keen when we find that the best Indians are neglected in favour of one who is not after all an outstanding figure Mr Taylor's place is rightly there as an expert on currency will be needed in the Reserve Bank While the appointment of Sir Osborne Smith is a neglect of Indian talent, that of Sir Sikandar Hayat Khan is an insult to Indian talent Sir Sikandar is a noble and generous gentleman for whom we have high regard But he is no

authority on banking. We are forced to remark that there is an element of distrust and suspicion of Indian financiers and bankers in the stupid avoidance of the Indian business community in the matter of the appointments. This is not the way to help India or to help her to love Britain.

THE WORLD'S GOLD

The weight of the gold held in the great central banks of the world is as follows:—The United States of course comes out far in the lead with approximately 7,000 tons of fine gold. France is second with 4,700 tons. Great Britain a poor third with 1,450 tons. Fourth on the list comes Spain with 600 tons. Belgium is fifth with more than 555 tons. Italy sixth with a stock exceeding 500 tons.

KASHMIR POTTERIES

It is understood that the Government of Kashmir and Jammu have been encouraging and actively assisting all local industries. This step is taken with a view to relieving unemployment in the State. Recently they have granted concessions to two State projects to get the requisite training in pottery and then to start pottery in the State. All facilities are given to them so that they may be really useful in introducing and developing a new industry. It is a matter of deep gratification that while British India is apathetic towards the industrial needs of the country, Hyderabad, Baroda, Mysore and Kashmir are fastly developing materially.

SECRETS OF JAPAN'S INDUSTRIAL SUCCESS

Mr M. Senda disclosed the secrets of Japan's industrial success at a meeting of the Rotary Club Calcutta. First of all Japan is in a very favourable position geographically. Because it is an island empire it provides facilities for cheap and economical transportation of goods to and from foreign countries. Secondly, in all Eastern countries

the standard of living and the purchasing power of the people are yet very low. Naturally the cheapness of Japanese goods is an attraction for them. Thirdly, labour conditions in Japan are extremely favourable from the industrial or capitalist point of view. Mr Senda objects to cheap labour being made a job at Japan for Japanese money was much cheaper when compared to the money wages of other advanced countries. But the Japanese labourer is generally a contented worker. Lastly the technical education, combined with the dexterity and dexterity of the ordinary Japanese helps them to advance rapidly. Even after these reasons enumerated by Mr Senda we still feel that the "secret" lies somewhere else. Mr Senda referred to the growing population of Japan and the need for emigration. We knew it already. We also knew that Manchuria became Manchukuo because of this. If economic nationalism and imperialistic economies are being built up by all nations with tenacity and pertinacity the problem of the weak against the strong will reduce itself to the old barbaric formula that the weak becomes weaker and the strong becomes stronger. The Roman Empire collapsed because it attained the maximum of strength. The Russian revolution broke out because the poor became poorer than poverty itself. The two lessons will not, we hope be lost on our statesmen and economists.

WOOL FROM ROCK

The Canadian Department of Mines have conducted successful experiments for the manufacture of rock wool from mineral deposits in the Niagara Peninsula of Ontario. It is used as an insulator for all types of buildings and for numerous industrial purposes where it is not subject to excessive vibration. Because of its being proof against fire and vermin it is particularly suitable for auditoria, offices, theatres and radio stations. It is long fibred and flexible

producing concern into an engineering concern on a peace basis concentrating now on the production of factory and power plant locomotives, turbines, motor cars, air engines, aeroplanes, electrical machinery and the like.

A resolution of the Government of Bombay states that they have approved the proposals for the institution of a short course of practical instruction in Wireless Telegraphy for teachers at the Royal Institute of Science, Bombay.

According to the *Central European Observer* M. Josef Simonek, a member of the Czechoslovak Senate who died on April 19th last at the age of 72, was the chairman of the Board of Directors of the Skoda Works and thus occupied a prominent position in the industrial world in Czechoslovakia. His connection with the Skoda Works covered a period of over fifty years and one of his notable achievements was that of converting the works after their war history as an exclusively munitions

Educational Notes.

By B Venkatesa Sastry, B A , B T.

Education for Rural Progress

In declaring open the Provincial Educational Conference at Anantapur Mr V N Rudva ICS Collector of Anantapur, referred to one aspect of Education. He said that western education had done a lot of good to our country. It has brought us into contact with the wealth of literature and thought of the west and made us seriously think of problems from a point of view which is very much broader than that which we had a few centuries ago. He went on to say that this system of education had produced considerable changes in our social life as well which was fast changing for the better, but it had the effect for creating a distaste for the surroundings in the villages which are often dirty and squalid and no effort is made to improve the villages in the light of scientific knowledge acquired by our people in the course of their education. The result is the villages have been steadily losing their best men and have deteriorated. He suggests that these conferences should tackle the question of devising ways and means of removing this defect from our system of education.

Nowadays the tendency has been for the village population to drift into towns which results in swelling the rank and file of the unemployed. It seems urgent that this tendency should be checked. This can be done only by making the villages sufficiently attractive. The present condition of villages is humble indeed and in need of considerable improvement. Unless the people of the villages make up their minds to make their conditions better no amount of effort on the part of any government however benevolent it might be will be fruitful. Many young men from these villages have gone into towns for higher education and have acquired knowledge and culture. They must return to their own country side with the patriotic motive of improving the conditions of their village brethren instead of remaining in towns with the object of getting absorbed in the services. So it is essential that our system of education should be so changed as to create in the minds of those young men a taste for village life, and a zeal for village uplift work. In short a rural bias should be given to

education up to the S S L C standard after which Post S S L C courses in training for rural uplift work might be started in selected village centres with actual practical work in the villages themselves. This aspect of education is undoubtedly very urgent, and is worthy of the attention of educationists in the coming years in our country.

EDUCATIONAL REFORM

There has been expressed a large volume of opinion in recent years on the subject of reform of education. The politician the educationist and even the layman freely condemn the existing system and gives suggestions for reform. Whether these criticisms are correct and the suggestions valid or not the fact remains that the educational system is in need of reform. Now and then eminent thinkers have pressed sound views on this subject which may be taken as the basis of a constructive programme for a sound reform.

In his Convocation Address to the graduates of the Andhra University recently Sir V Redd said. There is an urgent need for a daring orientation of our policy and methods in education. He gave a clear analysis of the position of the educated young men in India to day and stated that the Madras Presidency itself as many as 10000 educated young men go unemployed every year on the average. He goes on to say. The educational system can do a lot assisting people to secure employment and earn a livelihood. As things stand at present our educational system is such that it envisages every class below the B A class as a feeder to the one above. The ladder system must be abolished. Rural elementary education should be so shaped as to enable boys who leave the school to go to the fields and take to agriculture with some elementary knowledge of that industry. Secondary education should be so self sufficient and the scholars who are content with high school education should have received such instruction as would befit them for subordinate places in the various services or, with a little more training in mills and factories, for serving as skilled labourers—fitters mechanics, carpenters,

smiths, plumbers etc. It is here that the great army of skilled workers is to be brought into existence leaving the work of the supply of men for higher direction and technical and scientific experts to the Colleges and Universities. These will give us the staff corps and the generals of industries studying, examining, planning and directing them.

These words are full of meaning and deserve the highest consideration of those in authority. In fact the future of education should be to distinguish between two types the essential education which must be given to every child and on the top the specialised type meant for a few.

MADRAS EDUCATIONAL CONFERENCE

The Provincial Educational Conference held recently in Annamthapur under the presidency of Dr James H Cousins adopted several important resolutions regarding reform of education. The Conference urged on the Government the necessity for formulating and putting into action a comprehensive five year programme for the improvement and expansion of elementary education. The Working Committee of the South Indian Teachers' Union was asked to consider and report among other subjects on the question of new methods and appliances such as radio, cinema etc. in relation to efficiency of education. The Conference also expressed its gratification at the success of the experiment of adopting Kannada language as medium of instruction in schools of Mysore State and urged the teaching profession the managements and the authorities to adopt the mother tongue as medium of instruction in all non language subjects in schools. The Conference also made itself specially useful by having arranged a refresher course to elementary school teachers. The refresher course

consisted of lectures on several important topics, such as "civics", teaching of particular subjects such as Telugu and Geography, Hygiene and food value, at the end of which certificates were given to those that attended the refresher course.

MISSIONS AND EDUCATION

Presiding over the London Mission High School Day Celebrations, Rao Sahib C H Jayadani Rao paid a glowing tribute to the educational work of Missions in India. He said that the representatives of the Missions had gone about like 'Jesus of Nazareth—doing good'. "The appeal from the practical side had been insistent, in fact, compelling. In imparting education in affording medical aid and in appealing to the noblest feelings of the human heart, Missions and Missionaries had advanced not merely the aims of their religion on the attention of the educated in the land, but also helped to forward the interests of the humanity as well in it. Though there might be revision in policies adopted and scrutinising of methods pursued, there could be no question that the field of education was still a vast one in India and many were the labourers required to cultivate it. The Missions might with necessary modifications in their system of work yet fill a useful rôle in the moulding of educational destinies of India."

The other Mission School in Bangalore—Wesleyan Mission School—celebrated recently its centenary, when some of her *alumni*—some of the distinguished men in the public life of the country—paid glowing tributes to the work of the Mission in India in the field of Education. The Missions were indeed the pioneers in the cause of spreading of education among the masses. They always set a high standard of efficiency and morals before the young. The Missions deserve the high praise for their selfless and noble work.

The Imperial Council of Agricultural Research have issued a report on their activities during twelve months and this includes a review of the situation produced by the Ottawa Agreement. The Council strongly emphasize that what the agreement does for India is to give her opportunities and that if the good results which ought to flow from it are experienced that can only be through the people of India making the best of their opportunities. "The ultimate value to the country of the

preferences which have been secured on such agricultural commodities as linseed, castor seed, groundnuts, wheat, spices, tobacco, rice, and vegetable oils will depend largely on the energy with which these new business opportunities are developed.

* * *

If your wife laughs at your joke you can be sure that it is either an excellent joke or you've got an excellent wife.

Current Comment.

By "Scrutator"

The Liberal Party Leaders are getting divided. It is not their fault if they cannot keep united. The J.P.C. Report has done one good thing which the country could not achieve. It has brought unity—unity in the rejection of the new Constitution offered by Britain. Battles are being sought to be fought by them over the meaning of the word Rejection used by the Congress Leaders. But the Congress meant by it less than what the Liberals mean by Unacceptable. The policy of the Congress in regard to the new Constitution is refusing to accept—literally to cast aside the measure as useless. The Liberals mean if Sir Chimanlal Setalwad the Bombay Liberal Leader is to be believed something more than that by using the word unacceptable. At any rate Sir Chimanlal has said that his Party is to work to wreck it to work it to produce dead locks. The Congress has as yet formulated no policy of action in regard to the Constitution if it is imposed on it. For the moment it says it has no use for it. It puts it on the British Cabinet to impose it if it dare. Why should it do more? It is in the Opposition and its duty is to *oppose* everything and to *propose* nothing. The Congress may have its views but it has not declared them for the very obvious reason that the time is not yet for that.

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It is something that this aspect of the matter is being slowly but steadily grasped increasingly by Liberals. Sir Chimanlal is the sole holder of his own views. He has no following worth mentioning. The Poona stalwarts have begun to disown him and the Liberal weekly organ of opinion is critical too of his words. That shows which way the wind is blowing. It is time for the Liberal Party to wind up and make common cause—the younger Liberals are pointing the way and let us hope that the Leaders will at least be led into the right path, the path from which they had strayed for many years now.

* * *

Sir Chimanlal is a clever man. A great man a good lawyer and a firm Partyman. But he has one defect. He can neither bargain nor sell. He has neither idea of time nor of occasion. That reminds me of the lines attributed to Sir Thomas More—

The man of law
Who never saw
The way to buy or sell
Who seeks to rise
By merchandise
God never speeds him well

Well well that is so. Sir Chimanlal is undoubtedly a lawyer but not yet a politician. Unlike British politicians—good men who know the value of their wares—he is the very stytro. No wonder he feels disappointed — is utterly disappointed.

* * *

A bird whispers in my ears that the Congress despite its great victories is down hearted. By a stalwart exclaims. Are we down hearted? No. That is just like the hardy Congressman the Congress man who knows no defeats who owns no defeats and who defeats. Comment seems needless after that. Government may be wrong or may be right in clipping the liberties of certain of its leaders but the Congress is not going to be troubled about that. The time will soon come when the spirit underlying this policy of prickles will have to cease. The real fact of the present position is that far from the Congress feeling down hearted is waiting for the day when it can deal its first political blow. Its leaders seem to say. We are not down hearted, but we cannot understand what is happening to our neighbour. The neighbours are conciliating and reconciling themselves to the situation that has come into being. The Congress is wanted. The Congress is welcome and the Congress is destined for Abraham's bosom.

* * *

Lord Willingdon in a great speech at Calcutta appeared to utter this welcome. Constitutionalism is good he said in effect and since the Congress has turned constitutionalist it is welcome. We always admired the Congress for its organization and now admire its return to Constitutionalism. Its leaders are now welcome into the Council. So on and on to the end of it all. Sir Henry Craik uttered the same benevolent words. But is the path easy for the Constitutionalist to-day in the Assembly? That is the one question that seems to have been little thought of by the Cabinet. Is an imposed Constitution which nobody wants in its present form the best

way to promote Constitutionalism? If the Congress does not want it the Liberals, the Trade Unionists, the Mussalmans, the Sikhs, the Sanataniists and all the rest of them don't want it who is to work it and who is to help those who want to work it? The Leaders are against it the Parties are against it the groups are against it the country as a whole is against it What is the meaning of it then? Can it end the working of it in constitutionalism? How far can the unacceptable programme of the Liberals end in constitutionalism? And as for the Rejection verdict of the Congress it is unnecessary to define what it might not mean *Magis est veritas et precebit* One would hope that the truth dawned on the Cabinet early enough to avert the possible evil effects of an imposed constitution

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In keeping with the spirit underlying the new Constitution is the long drawn out trade negotiation going on between Britain and India in the matter of securing Lancashire interests before the constitution is imposed Lancashire

wants to keep her trade She has no need for a constitution which will not secure that primary end India has not been in the confidence of her own Government, though the traders of Lancashire seem to be in the full enjoyment of the confidence of the British Board of Trade Mr Runciman is not only an old Financial Secretary to the Treasury but also represented Oldham in Parliament He knows what his people want We have had the assurance here that the reason why non official bodies were not consulted was the fact that there is nothing new to consult That is altogether fine—one almost feels the joke intended to be conveyed by these soothing words The issues raised in the proposed agreement may relate mostly to general principles and there may be no issues as regards particular tariffs or interests But when the general principles have been fully surrendered would not the particular tariffs go their own way and the particular interests to the wall? That, however, is a matter of detail and propagandists of partisan views have no place for that in their programme

Provided that no unforeseen developments occur India's new Reserve Bank will be operating in the course of next year says a Home paper According to the provisional programme it is intended that the Reserve Bank shall be constituted and the Directors nominated by the opening of the New Year It is hoped that the shares will have been issued by April 1st next when it is intended that the Bank should take over the Government accounts and the assets required for the issue department as laid down in the Act, and assume its responsibilities in regard to the currency On July 1 it will receive the compulsory deposits of the banks While the Government will naturally have to nominate the first Board the members will gradually become elected representatives of the shareholders who can be only Indians British residents in India or British companies with Indian branches The issued capital of the Bank will be Rs 5 crores and it will be subscribed regionally and while no limit is placed on individual holdings it is provided that no shareholder may exercise more than ten votes a safeguard intended to prevent sectional interests from securing control The Bank will have the duty of maintaining the existing exchange value of the rupee and the choice of Sir Osborne Smith as the first Governor provides an adequate guarantee that

in regard to the exchange and other matters with which the Bank will be concerned there will be no departure from the sound principles which have hitherto governed Indian finance

Recently *The Times* published a very interesting and instructive article which presented the problem of employment in an unfamiliar guise Since 1881 there has been an increase in the percentage of males employed from 61.6 to 69.7 in 1931 The explanation lies in the proportion of children in the population but reliable forecasts for the next 20 years show that the number of males over 14 years of age will increase more rapidly than the number of males of all ages, and the conclusion is reached that unless the proportion of employed persons is raised during the next 10 years substantially higher than it has ever yet been in this country the number of unemployed is bound to go up far above even the present huge figure so long as *laissez-faire* prevails on the labour market If we cannot further expand employment the writer suggests that we should convert forced idleness into valued leisure through extended part time instruction for boys and girls, through earlier retirement on pension through increased holidays or shorter hours, or the various other means of adjustment which are open

Topics in the Journals.

Stalin, Wells and Shaw

England knows no more interesting personages among those living than Mr G B Shaw and Mr H G Wells. They have been bold to give authentic expression to their views on social and political matters with a candour and freedom all their own. Recently there was an interesting interview between Mr Wells and Joseph Stalin the Dictator of the Soviets. The dreamer of the World State and the apostle of cosmopolitanism could not be accused of want of imagination or lack of sympathy with Socialism. He made a most powerful plea for order before the High Priest of Communism, the violent destroyer of the capitalist menace. Mr Wells instanced the Rockefellers and the Fords with their tremendous possibilities for social progress. He pitted the New Deal of Roosevelt against the whole gogging policy of Lenin and Stalin. With characteristic liberalism Wells unqualified the theory of the possibility of non selfish motives actuating even the so called capitalists. Stalin could not understand the psychology underlying this statement brought up as he was in the cold philosophy of Marx and the stern action of Lenin.

Mr Shaw has written an extremely striking commentary on the Stalin Wells talk. A man who prides himself on his Fabian wisdom naturally is more in sympathy with the Russian leader than his own rival in the present day English thought. But the most curious thing about Shaw is his glaring inconsistency. One cannot contemplate with calm the wisdom of the man who applauds Stalin and Mussolini at the same breath. This fundamental weakness of Shaw's mental make up has been admirably pointed out by the great economist Dr J M Keynes in the course of a penetrating article in the *New Statesman and Nation*.

Wells is a searcher, an inquirer. But Shaw is such a dogmatist by now that it makes little difference to his enthusiasm whether it is Stalin or Mussolini. He would have a good word for the Pope (as we see in St Joan) if it were not that His Holiness is so mild and broadminded.

Calling Mr Shaw's comment as 'a malicious misinterpretation of the atmosphere of the interview with Stalin' Dr Keynes says

My picture of the interview is of a man struggling with a gramophone. The reproduction is excellent the record is word perfect. And there is poor Wells feeling that he has his one chance to coax the needle off the record and hear it--vain hope--speak in human tones. Shaw mocks Wells' little pretences

with show him pathetically conscious that one must be polite to one a lot even when it is a gramophone. It improves Wells as a bad listener. But in fact Wells' weakness is that he can't hear gramophones. He is enjoying the most interesting interview of his life and he is stupendously bored. Desperately he struggles clumsily he coaxes. But it is no good. To send the reproduction is excellent and the record is perfect.

In the criticism that Wells tries to instruct Stalin Dr Keynes points out that it is Wells' trouble that he has never yet found a satisfactory instruction to give. He has nothing to offer Stalin. He asks Shaw and Stalin to allow the possibility that mere intellectual cogitation may have something to contribute to the solution and also that the traditional interpretation does not fit with the present facts. The whole passage dealing with this aspect is an excellent antidote to those who are drunk mad with the Marxian Leninist philosophy. History especially economic history has to be read aright if one must understand the psychology and logic of social phenomena. Here is the passage in question.

The facts of the world shift. Shaw and Stalin are satisfied with Marx's picture of the capitalist world, which had much verisimilitude in his day but is unrecognizable with the rapid flux of the modern world three quarters of a century later. They look backward to what capitalism was not forward to what is becoming. That is the fate of those who dogmatise in the social and economic sphere where revolution is proceeding at a dizzy pace from one form of society to another. In the second half of the nineteenth century it was plausible to say that the capitalists meaning the leaders of the City and the captains of industry held the power. It was plausible to say that the economic organization of society in spite of its glaring faults suited them on the whole and that so long as they held the power they would successfully resist major changes coming from other quarters. Nor was it easy to see in 1870 how the power could pass from them by a peaceful process of evolution. Indeed for another generation after that their effective power increased mainly at the expense of the aristocratic and land owning regime which had preceded them. Queen Victoria died as the monarch of the most capitalistic empire upon which the sun has (or has not) set.

If Shaw had kept up with the newspaper since the death of Queen Victoria he would know that a complex of events has destroyed that form of society. One of the principal causes may have been a sort of natural law which prescribes that the giants of the forest shall have no immediate successors. The leaders of the City and the captains of industry were tremendous boys at the height of their glory and in due course they became tremendous old boys with vision dimmed but tenacity and will power untamed. Saplings of the same seed could not survive in their shade. When the giants fell with years a different sort of tree was found growing in the

fore underneath. And much else has happened. The capitalist is the source of his inner strength—his self-assurance, his self-confidence, his untamable will, his belief in his own beauty and unquestionable value to society, he is a forlorn object. Heaven knows at the least a pathetic well-meaning child. Lord Revel took the first Lord Rothschild the first Lord Goschen the first Sir John Lubbock the first Lord Cassel the private bankers the slapping of miles the merchant prince the world-embracing contractors the self-made barons of Birmingham the barons of Liverpool and Glasgow where are the boys (on salaries) rule in their mansions.

Thus for one reason or another the great London Stock Company and the great Service have lent the salaried class into power. Yet a proletariat but a salaried class as usually makes a great difference. Moreover the century with all its horrors suited those who liked it. Well might Marx argue that the earth could bring down those thousands and organize the myriad little put into an arm which would poison arrows but to day a muddy sun. The problem is day after day to convert and then to convince the well-intentioned good. When Wells has unveiled in the night stuff which will swallow it up, a salaried class rather than the proletariat. There is no resistance to a new lecture. The contrary kind let society plunge about in a perplexity and disaffection into something worse. Revolution as Wells says is out of date. For a revolution is a personal power. In England to-day no one has personal power.

But Dr. Keynes is no friend to the real strength of communism. It is essentially a spiritual appeal which attracts all sorts of men to it and this appeal is strengthened by the success which has attended the experiment in Russia so far. But whether communism will continue to live in its pristine purity even in Russia has become a matter of grave doubt.

It is the curate in Wells far from extinguished by the scent which draws him to take a peep at Moscow. It is Shaw the noble old urator in the world and the least scientific who ran to the good cause of putting the economist in his place somewhere underground. The dear little youth play with Communism because it is the only spiritual appeal which feels to them contemporary but its economic bothers and disturbs them. When Cambridge undergraduates take their inevitable trip to Bolshevism are they disillusioned when they find it all dreadfully uncomfortable? Of course not. That is what they are looking for.

Economic Planning for India

Dr. Chandra Chaudhary the well-known writer on Indian economic problems contributed a series of articles to the *Searchlight* of Patna on this subject. They were five in number and can be said to discuss the theoretical basis of economic planning for India fairly fully. Dr. Chaudhary discusses the origin and meaning of Planned Economy. Planned

Economy as every one knows is a phrase of Russian origin. It was merely a phrase carried to name the attempt made in Russia to reconstruct the Russian economic and social order in the light of the Soviet philosophy. But the economic wizard of the last few years has extended the scope and use of that phrase and it is now meant to imply nothing more than the ending of laissez-faire and the consequent direction and reorganization of economic and social life.

Men think about economic planning as still in a very fluid state. They know that the era of unfettered competition and economic freedom has to go. It has meant insecure appalling waste of human effort and economic resources and poverty in face of plenty. The new era which is to take its place is to substitute order for chaos and make use of economic resources and powers for the good of all. The strong egotistic and anti-social tendencies are to be brought under control and social interests made the prime regulation of all economic activities. These are very general expressions and can and do mean all things to all men but the purpose of these articles is not to analyse fully the concept of economic planning or expose flaws in any particular way of thinking. In a world which is full of strife and haunted by a sense of impending cataclysm it is impossible to get clarity of thought and expression and when the subject matter of speculations and practical measures is the introduction of an entirely new order in the affairs of men to the difficulties of the times are added the difficulties inherent in the birth of a new order. These difficulties are in all cases due to the persistence of obsolete habits of thought and action and the strain involved in making a break with the past which necessarily is very disturbing for individuals and classes.

On the magnitude of the task and the essentials of the problem with reference to India the writer has very illuminating remarks to offer.

Before we can embark upon planning with its wide social and economic implications we have as I have said already to be sure that the means that we have at our disposal are adequate for the purpose. The question which we have therefore to raise and answer is have we? It will generally be admitted that for economic planning a strong Central Government which should be in a position to prepare and execute the plan with a unity of purpose and authority is absolutely essential. The political system of India judged by the conduct prevailing over a large part of the world is not lacking in strength and stability and the new constitution will not be the intention of its authors can be made an operative fact of the new conditions improve their qualities. But it is doubtful whether it will under the changed circumstances be able to command the unity of purpose and authority needed for economic planning.

This lack of the unity of purpose and authority needed for a planned economy will be the result in the view of Dr. Chaudhary of three causes. Whatever might be the nature of the substance of power vested in the hands of Indians under the new Constitution. We

are going to get a larger dose of ballot-box democracy in India." The learned Professor is of opinion that the introduction of the larger measure of responsible Government in India—which means more democracy—and the experience of other countries that have already had parliamentary institutions will render concerted, decisive action more difficult and not less, and "this conclusion is independent of whether we take a pessimistic or an optimistic view of the inherent possibilities of the new constitution." The second cause is the federalization of our political system. "It can be assumed that India's cohesion for internal purposes will be less and not more under the new constitution." The position of the Indian States in the Federation to come will be "an almost insurmountable obstacle in the way of economic planning." The third cause is the possibility of political adjustments dominating the entire national life. The new constitution will not, it is evident, finally settle the political problem of India and the questions relating to the transfer and division of political power will be in the forefront of public life. * * * In India politics will be very much in the way and dominate the mind and actions of men in and out of power."

There is yet another aspect of the problem to which the author devotes special attention. The social outlook of India is anything but helpful to a co-ordinated planning of economic life.

We are moving in a different orbit of thought and action and cannot put in the necessary exertion for introducing planning, because we have still to learn to think in terms relevant to it. Our leaders think that a few seats more or less in the legislature for the particular communities their share in public services or the creation of linguistic or communal provinces are the matters on which the future of the country depends and they not only absorb a great deal of attention, but limit the range of our efforts or the nature of our thoughts. The fact that the entry of depressed classes into the temples has and can become a burning issue of our public life is an index of our limitations and the change necessary to make economic planning practical politics in the country. When the minds of our foremost men are moving in this direction it is impossible to give to the discussion of economic planning an air of reality or promote sound thinking on it.

Of course, he does not want to be misunderstood into thinking that he is advocating a materialistic view of life and regards religion as an obstacle to economic planning.

The article concludes with the rather pessimistic note that, owing to the limitations of our political life, social outlook and the inexorable facts of our economic life, we are not

prepared for a planned economy. He himself has great faith in planning, but he is anxious that those who talk of and even want to work a planned economy in India must have a knowledge of its full implications, "which will be a buttress of faith and not its canker."

Democracy and Dictatorship.

Few Indians have the intellectual competence to talk on the deeper and more vital problems of individual and social life of Sir R. Radhakrishnan. His name always evokes a very high expectation of display of mental and moral force. One of the most inspiring addresses that we have had the pleasure of reading in recent days is his Convocation Address delivered to the Allahabad University. The brilliant pronouncement contained a passionate denunciation of the atrocities of the new Dictators of the world and pleaded for a resurrection of the noble ideal of Democracy that has been built up at considerable cost by the European civilization. He says,—

Mazzini defined democracy 'as the progress of all through all under the leadership of the wisest and the best.' A democracy fails if the people are not sufficiently enlightened to be able to select wise and intelligent leaders. The leaders to day are neither wise nor intelligent. Scepticism and selfishness are their chief characteristics. They are supported by the rapacity of profiteers, the apathy of the masses, the faint hearted servility of the intellectuals who make themselves the advocates of devastating prejudices which it should be their mission to uproot. Without any clear vision of humanity's goal, our leaders set forth programmes which they value more than the lives of their fellowmen. They will not hesitate to send millions to death to prove themselves in the right. Their own particular purposes should be achieved by any means, however barbarous or inhuman.

We are witness to day of the terrible and sinister portent that some of the progressive nations of the West whose names are synonymous with advanced civilization are embarking with cynical deliberation on a course which is in conflict not so much with the high injunctions of the religions they profess, but with the most elementary dictates of nature, justice and humanity. In a large part of Europe, democracy which was for long considered the great contribution of Europe to world's political thought is now abandoned. Parliamentary Government is killed, the press is muzzled, freedom of thought, of speech and of assembly is forbidden. The ordinary offences of public life, the conventions which raise human society above a pack of animals, the bonds of personal loyalty and friendship, are being swept away by groups who neither respect laws nor recognize the common obligations of humanity. The zeal of the Dictators shrinks at nothing, not even carefully planned and cold blooded murders of political opponents.

The obvious incompetence of Governments to deal in a just and effective way with the problem of economic inequality is the cause of the discontent with democracy and this discontent has carried dictators

to power Unimpeded freedom of trade resulted in the exploitation of man by his fellows. The demand for greater economic equality was resented by the vested interests and class conflicts developed. Regulation of private industry on a large scale was undertaken by the Governments but not as rapidly as one would desire. Economic effort was therefore put under political direction. Peaceful evolution which is the method of democracy yielded to forcible revolution.

Compulsion thus became the controlling principle of social, economic and political life. If there is a restriction of personal liberty and a denial of opportunities for a full, satisfying and noble life it only means that economic justice and security ask for their price. The price has been paid in many countries but they are not nearer the goal. The new slavery for mankind has not resulted in economic justice and security.

After describing our Dictators as mere rattlers and scare mongers and dwelling on the awful implications of Mr Baldwin's remark that in future we must regard not the White Cliffs of Dover but the left bank of the Rhine as our frontier the learned philosopher turned to Mahatma Gandhi's building up of the Indian political life on spiritual and moral foundations. The whole passage is well worth pondering on because it is the assessment of the worth of a most remarkable man of action by a superb intellectual.

Compared with the war-cries and emotional outbursts of the political dictators to day, the parting message of Gandhi to the last session of the Indian National Congress is like a ray of heavenly light let into a world of deep darkness. I shall never accept self government brought about by violence. The history of India's freedom foremost among us in his power to further it he tells us that dear to him as political freedom is truth and non violence are ever more dear. He warns his fellow workers in the Congress to develop a delicate sense of moral responsibility and respect for one's fellowmen which it would be hard to find equalled elsewhere in political struggles. He commands them to transcend the finitude and relatively which belongs to politics as a natural phenomenon and develop the capacity to apprehend absolute truth and recognize an absolute obligation all that we include under the names of reason and conscience, truth and love. As we contemplate the stupendous movement across the pages of history, we witness the power of ideas. Here is a great idea which Gandhi is impressing on the mind and conscience of the people. He appeals to rise to new heights to seek new means of endeavour, to tread new paths towards national reconstruction greatness and accomplishment to build a new India on moral and spiritual foundations. In placing the interests of universal truth first and national politics second, he has lit a candle that will not easily be put out. The light of it will have a far penetration in time and in space. It will be seen and welcomed by all honest and sincere people the world over. His appeal will be written not only by the side of the utterances of the great national leaders like Pericles and Cicero, or Washington and Lincoln but also of great religious reformers as that of one of the immortal voices of the human race in all that relates to the highest effort of men and nations.

Democracy, Fascism and Communism

The *Modern Review* contains an able article by Professor Thakur Harinarayan Sinha of the Morris College, Nagpur, on the relative values of the three political ideals now clamouring for ascendancy in the world to day—democracy, fascism and communism. Democracy in Europe was born in a period of nationalistic fights and struggles for power for the whole of the nineteenth century witnessed this struggle, which has not ended yet. In this confusion and turmoil, James Watt and Jean Jacques Rousseau contributed two new systems of social life—industrialism and democracy.

The combined genius of James Watt and Jean Jacques Rousseau has created such a stupendous force that the world has been conquered and even dazed. The evils of the industrial system degenerated the moral and spiritual contents of democracy. But this indictment does not exalt fascism and communism.

It is true that Jeffersonian democracy in America has reached a point of corruption that shames the very name of democracy. In England the collapse of the two party system and the emergence of a third party, viz., the Labour the complexities of modern politics that make the electoral task far harder than at any previous time because the discovery of truth is so much harder "the rise of a new despotism", the disparity between universal suffrage and economic serfdom, an electorate with a type of mind, which could be taken in by the Zinoviev letter of 1924—all these are clear signs of a degenerating democracy. Indeed a parliamentary democracy with its paraphernalia of colonies and dependencies often falls short of its ideal and resigns itself into the hands of an effective executive. It is this inadequacy that supplies the rationale to Sir Oswald Mosely and his followers. To Prof Laski "crisis of capitalist democracy is essentially a crisis of authority and discipline. The power to secure obedience to its principles has decreased because men increasingly refuse to accept its ends as obviously just. Disrespect for authority is not due to some sudden burst of enthusiasm for anarchy, it is rooted in a disbelief in the principles for which authority has been organized in a capitalistic society". In other words, so long as we have a democracy based upon universal suffrage but not upon universal ownership of the means of production there would be injustice inherent in such a system. This goes to liquidate its moral worth inasmuch as it fomented class conflict at home and militates against international well being abroad.

It is argued that Fascism offers its corporative State to meet this inadequacy of democracy to secure class co operation and national solidarity solidarity. Capitalism," says Mussolini "is scarcely at the beginning of its story. Immense tracts of Asia, Africa, even of America and Australia are still underdeveloped Capitalism spreading from Europe, will cover the whole world. The shoulders of the proletariat are not yet strong enough to bear the

terrific burden of civilizing such areas ' "Thus," says Professor Sinha 'smacks of the German *Weltpolitik* of pre war days. At any rate this attitude leaves no room for internationalism. In a comparison of values therefore Fascism suffers more than democracy.

Communism claims to abolish capitalism which fosters class war and anti internationalism. In spite of its powerful appeal to the oppressed and the poor it is vitiated by a spirit of antagonism. Instead of promising a synthesis of classes and interests of national and human welfare it drives a wedge between them and strives to evoke a unity that becomes a fruitful source of jealousy, fear and quarrel.

The deficiency of Democracy. Fascism and Communism leaves the supreme problem of the age unsolved i.e. how to synthesize industrial power nationalism and internationalism. It is folly to venture a scheme of synthesis, but yet if the study of history could be relied on the key positions of the future seem to be held by democracy and science alone by the genius of Jean Jacques Rousseau and James Watt. Each contains the real secret of uniting the human race in good will and peace. For democracy is essentially based upon a belief in the unknown excellences of the common man and science upon the rational faculty of man. Each has a universal affiliation as also a universal utility. Springing from the sacred depths of human nature they know neither Jew nor Greek neither bond nor free. Colour has hardly any meaning for them. Besides in an interdependent world the property of each people must be the property of all. So far they have remained the property of European peoples or offshoots of European peoples outside Europe chiefly because the credit of having discovered them belongs to the Europeans. They have so far exercised a monopoly right over their discovery since by these weapons they have dominated the world. But European domination of the world runs counter to the growing sense of a world unity. This has produced terrific conflicts in the past and tends to produce more in the future. The recent tendency of the Japanese Foreign Office for a Monroe Doctrine regarding China and the Far East is a mild manifestation of that desire (vide the Report and Comment of *The Times* London of the 20th April 1934). To eliminate therefore the fruitful source of conflict we have to replace a dominated world by a really interdependent world. And that could be accomplished only if science and democracy become the free property of the whole human race. Not till then and never in the pretensions of Fascism and Communism shall we find an effective remedy for the ill temper of the age.

Japanese System of Education.

Dr A C Woolner, the noted Sanscritist and Vice Chancellor of the Punjab University, delivered the Convocation Address to the Agra University. He exhorted the students to cultivate a high and keen moral sense of public duty and private life. His citation and laudation of the great Asoka was well

deserved. In the course of his address he referred to the system of education now obtaining in Japan deliberately planned and organized for national development. The relevant extract is here given.

During a brief visit to Japan this summer I was struck by the evident success from a practical and national point of view of a system of education deliberately planned and consistently maintained for the development of the country. In that system there is no consideration for the vanity of parents or the indolence of students and only a limited number of the most industrious and ambitious can find places in the more advanced institutions. There is no talk of reform. The system has its critics but they feel that the whole course is too long and exacting, that the long hours of study leave little time for private reading. Western critics have objected that too little attention is devoted to the development of the mind and character of individual. Yet the dominant opinion in Japan seems to be that whatever changes may be made the main object of the system as defined in the Imperial Edict must not be tampered with. In practice the result is a supply (not excess) of experts in administration, commerce and industry, of officers for the Army and Navy and a great mass of intelligent and willing workers content with a simple standard of living and all inspired with a patriotic devotion to the common good. This spirit makes them patient of a control by the authorities that in many other countries would be regarded as intolerable. There is for instance the periodic cleaning of houses twice a year when every article must be taken outdoors and the house swept out for inspection of the police.

The customs of other countries cannot be adopted directly. Nevertheless Japan has shown the practical value in the development of a country which grafts modern science on to an ancient civilization of a definite plan in education and of loyal patriotic workers. Modern Japan is built not merely on the intelligence but also on the morale of her people.

General Smuts and India

General Smuts is one of the most outstanding statesmen that the British Empire has produced in recent times. In addition to being a statesman of the front rank he adds the enviable qualification of being a great intellectual. At one time just before the Great War it seemed as if he was to be the guide of a most enlightened Imperial policy, which would decisively influence inter-Imperial politics to great good. But like Lord Balfour Smuts has not a big mind; he is great of brain but not of mind. When in office he had been consistently against a liberal treatment of Indians in South Africa. But of late he has taken it into his head to acclaim Mahatma Gandhi as a great South African, and also to plead for Indian self-government. His recent pronouncement at Dundee will be received with all the respect and attention that an attarance from that world famous personage deserves. We are

deeply grateful to General Smuts for using the immense weight and prestige of his personality in favour of the Indian cause. We take this opportunity of making an earnest appeal to the great Boer to use his influence to ease the situation that is causing anxiety to Indians in South Africa.

In this connection the *Year Past and India* makes an editorial comment which is here reproduced. This journal seems to be of opinion that the findings of the Joint Select Committee would be carefully considered. The Joint Select Committee have since reported and their recommendations are careful to appease the British die-hards, but not the Indian nationalists. This paper is anxious that the British parliamentarians should remember General Smuts' friendly reminder. It is good as far as it goes, but the Joint Select Committee themselves are more intent on estranging the Indian public opinion thus making it all but impossible for that set of politicians who are anxious for a genuine compromise even to exist at all. The Irish experience will we fear be repeated. The British Statesmanship in India stands condemned so far for has it not driven so fair and impartial a statesman as the Rt Hon Sir Tej Bahadur Sapru to the happy obscurity of a provincial lawyer?

No one who has read the recently published life of Lord Carson can fail to be impressed by many striking analogies with the present Indian controversy. Critics of the White Paper Policy never tire of quoting the so-called Irish precedent to prove *inter alia* that when the power comes into the hands of these people (Congress) the police will be destroyed, the British in India will be massacred and their goods will be confiscated. Our politicians do not realize

all this we are told 'because they are thinking of India in terms of politics and not in terms of reality. So it was in Ireland.' South Africa is a much more pertinent example of a great venture of statesmanship and act of faith to quote General Smuts which has been amply justified when every counsel of worldly wisdom seemed to point in a different direction. In a speech at Dundee last week the new Rector of the University of St. Andrews whose mind is certainly not obfuscated with political theory made telling use of the experience of the Transvaal and Orange River Colonies in order to illustrate his firm conviction that the grant of self-government to India was an inevitable step "and that it is above all things desirable that this should be the work and the gift of the British nation as a whole. The outstanding lesson of the history of Irish Home Rule is not the futility of constitutional safeguards but the simple fact that a country's welfare was sacrificed not for the first time on the altar of personal and party prejudices. If the die-hards on both sides had accepted at the beginning the compromise that formed the basis of the final settlement, instead of provoking the ill feeling and resentment which made an enduring peace in the end virtually impossible the sequel might have been very different. General Smuts did not attempt to define even in the most general terms the measure of self-government which should be bestowed. He was mainly concerned to emphasize that the problem of India—one of the greatest with which this country had ever been faced"—was a case above all for the exhibition of that genius of compromise which had always distinguished the people of Britain in its relations with other nations and in the solution of its own political problems. If when they come to consider the actual Bill in the light of the carefully considered findings of the Joint Select Committee members of both Houses of Parliament should remember General Smuts' friendly reminder that it is not a case where any extremist views can prevail but one where your genius for practical experiments and practical solutions for taking the short steps which lead to a distant future can find very free scope they need have no fear of a repetition of the Irish experience.

In 1925 the late Sir Gunga Ram Bt CIE MVO RB Lahore with that generosity for which he was so well known handed over to the Punjab Government a sum of Rs 25,000 for the endowment of a prize of the value of Rs 3,000 to be called the Maynard Ganga Ram Prize and to be awarded every three years, for a discovery or an invention or a new practical method which will tend to increase agricultural production in the Punjab on a paying basis. The competition is open to all throughout the world. Government servants are also eligible to compete for it. Entries for the next award were invited by the 31st December 1933. None of the entries was considered to be of sufficient merit and it has been decided by the Managing Committee of the prize that the award should be postponed for another year and that further

entries should reach the Director of Agriculture, Punjab Lahore on or before the 31st December 1935.

I am convinced of the unity of Asia of its uniqueness as a continent though it is a long cry from the upturned roofs and glow worm paper lanterns of Japan to the wailing wall of Jerusalem. Yet oriental cities have a similarity of atmosphere utterly different from for instance Philadelphia or Bristol or Berlin. writes Mrs Margaret E Cousins in the course of an article describing certain cities of Asia in the *Madras Mail*. It is the sense of age it is their smell their insouciance their muddleness their beauties their horrors their picturesque humanity, in a word their orientality.

Recent Economic Publications

Great Britain from Adam Smith to the Present Day

By C R Fay Longman & Green & Co 30
Paternoster Ro London E C 4 Price 1^s 6d net

The real life of a country is its economic condition. The study of the economic activities of a nation is the most important and most useful for the economist as well as for the state man. Thanks to Marx's theory of historical materialism, it has been increasingly recognized that economic history is of far greater value than political history. The growth of the historical school of economists has given a new impetus to this branch of knowledge, that of late we find great attention being paid to it.

It is a sorry fact that the standard — that economic history has set — is too low. But it is all economic history has to offer for the last 150 years. It is all that active style which Mr. C. R. Fay possesses in an undant measure we are sure will be everything less popular and less. A goodly volume of more than 400 pages this book is packed with material presented not in a dry, dusty fashion but enabled to be with flesh, blood and colour.

Mr Iay traces the economic history of England from the time of the publication of Adam Smith's *Wealth of Nations* to the present day. The introductory chapter deals with the great economic and his political making book. The inspiring nature of a philosophy the few feeling who makes the writer see both sides, he blends the history and theory with delicate skill the storehouse of information gathered from reading conversation and travel and the perfect style—nervous, racy and finished—the are the causes why *The History of Nations* has made an appeal so universal and abiding. But Mr Fay considers the book defective both on the historical and on the philosophical side. Adam Smith was misinformed in his historical knowledge and he came persistently close to an almost exaltation of self interest. Though men like Pitt, Huskisson, Peel and Gladstone were considerably influenced by Adam Smith still it cannot be said that he influenced social policy to any considerable extent. But it is to be admitted that if Mercantilism was smashed to pieces it was because of the founder of economic liberalism.

Four parts of the book treat of Financial Policy and Finance, Trade and Transport, Agriculture and Industry and Life and Labour. Husak on the basis of the Imperial Preference which is the great imperial cause lay entombed in the leaders shell of Gladston and finance Gladston rightly held up to admiration as a financier and a practical economist. A point on which he had an opponent of equal calibre was Disraeli as a financier he demonstrated his genius. It is possible to enlarge on his financial failures

But this beyond question that when he had to complete the work of others he completed it well that while he was in power the country not only paid its way but knew how to pay it that the economies which turned a deficit into a surplus were obtained by his superb administrative skill that in improving the plan of national finance he did not do it at the expense of business enterprise but on the contrary left that enterprise healthy and elastic so that in 1914 twenty years after he retired it could sustain the stress of an immensely expensive war with a success which far outdistanced the tax paying capacity of other Great Powers

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Lenin

By R. Palme Dutt, Member of the New World
Press, Hambleton Road, Great
Russell Street, London, W.C.1. Price 6d net.

Since the dawn of his century the world has seen the emergence and dominance of four powerful personalities— Lenin in Russia, Mao in Italy, Stalin in Turkey and Gandhi in India. It is the most interesting and profitable study for a political historian to compare and contrast the four great men of our age. Lenin appeared as the heir of Karl Marx with his belief in the attainment of founding proletarian republic in Russia as a first step towards the establishment of proletarianism in the world. Stalin occupied the throne of the position as a fully grown and ripe and thoroughgoing totalitarian to suppress and self-discipline the country. He aimed to lead the human life of people to a strong and healthy and valuable future to make hands with the most advanced nation of the world. Gandhi went on to find the condition of the masses by giving them political power and economic status by the method of passive resistance and practicalization of politics. He can be said to be the inheritor of Tolstoy's ideas and deeds.

Mu alim and Len can be clubbed together as D to a s. Kemal and Gandhi can be placed as Demo rat though n the transnational sta e happen that the e two ha e to wld the po rs of unoffic al D ctors. Mussol n wants to stren then cap talism. Len n has de troed it root and bran h. They both used viol nt me hods. Kemal s not committed to non violence as Gandhi s but t trir he s sparing of the use of violence n fact t cannot be said of Kemal that he e r ued violence with any thing of the horror that character d the do ngs of Mussol ni or Len n. Kemal s committed to the European deals of progress but Gandhi s a confirmed opponent of Western ci lization and industrial m. Mr Palme Dutt s book attempts at g v ng a succ nt

account of the life and teachings of the maker of the present day Russia. He is a very ardent admirer of Lenin and a believer in his social philosophy too. He shares the hope of Lenin that his is the Communist International. Mr. Dutt concludes with this exhortation: "Through the Communist International it falls to those living after Lenin the conditions of deepening world crisis and urgency to be able to carry forward the fight a fight for no limited mass but for a new era of humanity to the final victory which is the triumph to inaugurate that which he could not live to complete."

This will we are afraid remain a pious hope in the face of the trend of events in the civilised world. Communism has not spread in Europe, on the other hand capitalism is being strengthened by its new tower of strength, fascism. Even Russia as that great friend of the Soviets Mr. C. B. Shaw has said is becoming an impressive monument of the inevitable

gradualness. Mr. H. G. Wells too recently declared that Russia was going to demonstrate that in matters of mind and will a theory could not exist without its opposite and that when you settle all opposition you ultimately destroy your own energy. So much for the internal policy in Soviet Russia. Its external policy is fast undergoing change its entry into the League of Nations—the League as it has been formerly called by the Soviets in contempt of imperialisms and capitalists—marks a significant change in its foreign policy. We hear the still more startling announcement that Russia will support France in a future European War. These facts do not justify the faith of Mr. Palme Dutt.

Anyhow as the only book of its size now available giving an insight into the genius and thought of Lenin we would recommend this book to all students of social philosophy and of great personalities.

A V P



Books in Brief

Short Reviews of Recent Books

Economics of Business Life

By Sir Henry Penson (Cambridge University Press, Fetter Lane, London. Price 5s net)

Sir Henry Penson has already achieved great name and fame as the author of the simplest introduction to economics that has been written. *The Economics of Every Day Life*. The two small volumes of that book have given a full sense of the capacity of Sir Henry Penson to be clear and direct in expression. This book that introduces the reader to the complicated financial mechanism of day fully justifies the reputation for clarity and directness he has achieved. Not being a treatise or a specialist's work, it calls for no criticism of matter. As for the manner and method of presentation, it leaves nothing to be desired. We cannot do better than to hope that this book will serve as an admirable companion to the other book of Sir Henry and that the two together will help the general reader and the beginner to understand this mysterious science which is to many

A V R

Indian Finance Year Book 1934

Annual Supplement to *Indian Finance*. By Sir J. Brash. Indian Street, Calcutta. Rs 5.

When the economic history of this decade comes to be written, 1934 will be all too soon he found to possess a unique importance. For while it is yet too early to say that the year marked the beginning of a revival, it is certain that it has seen the world settle down to the vast changes which in part brought about and in part followed the unprecedented depression. It is well known that economists and businessmen have outlived the first flush of enthusiasm about the revival of trade of which the first signs were visible in the Autumn of 1932. They are now persuaded that though there has been a perceptible improvement in world trade and economic activity, it is futile to hope that the world will automatically go forward unchecked to the heights of prosperity which in 1929 were considered the

norm. They have veered round to the view that international trade has more or less come to be stabilized at a new low level and that the scope of its expansion is extremely limited by the new orientation of economic policy in almost every country of the world. This is however not to be mistaken for an unmitigated pessimism about the prospects of world economy. It is by no means impossible that what the nations lose in foreign trade might be made up by the stimulation of productive and distributive activity within the borders of each nation. It follows therefore that the recovery from depression is to be and for the matter of that will be sought along lines unfamiliar to the regime of international trade.

So begins the review of Indian national finances in 1933-34 in the new *Indian Finance Year Book*. It needs no saying that the note struck in the passage quoted is the true reflection of present day economic thought and practice. Economic nationalism will be in the forefront for a long time to come if only to enable the countries of the world to settle down to a normal economic life after the abnormal conditions which were created by a policy of untempered political nationalism followed by the virtual isolation of the West for nearly a century.

The *Year Book* of this year maintains the high level the previous issues have attained. It is an invaluable guide to the student of economic problems, no less than to the politician and the legislator. Statistics are given in full, short introductory notes are given on each topic to enable the reader to understand the significance of the figures. No branch of economic life has been left without notice. Important industries are given special attention. In short it is as perfect as a financial directory should be.

Report on the Progress of Civil Aviation in India 1933-34

Published for the Directorate of Civil Aviation, Government of India, by the Manager of Publications, New Delhi.

Aviation is still in its suckling stage of boyhood in India. It has to grow very much before it can pretend to come anywhere near the second or even the third rate nations of the West. The Foreword to this Report admits that the development is slow, but there is every evidence that the expansion movement is not a passing phase and that it is steadily gathering force and broadening its basis. While we do not want to be so ungracious as to deny any progress in Indian Civil aviation, we feel that it is too low to thank the Government for the advance ment.

This year's report includes graphs showing the growth of aviation under six representative heads. As is expected of all blue books there is plenty of statistics to enable us to study the subject.

The Indian Insurance Year-Book, 1933

Published by the authority of the Government of India. Copies can be had of the Manager of Publications, New Delhi.

The problems confronting Indian insurance are many, some of them have assumed serious proportions. Competition by non-Indian Companies is very severe, the clamour for protection to Indian insurance has begun to be audibly and distinctly made. Sir N. N. Sircar will soon have to tackle this problem, many and divergent views will be placed before him for consideration. Alone among Indian industries it is imperative that the interests of the consumer must play the most predominant part in any discussion of protection to Indian insurance. One other problem of equal magnitude is that of the new companies. They are springing as fast as possible.

The advent of a large number of new companies, says the Actuary to the Government of India in his Report now under review, has resulted in intensifying the struggle for existence and forcing up expenses to uneconomic levels. This certainly cannot be regarded as a healthy development. Most of the companies of under 20 years standing have not yet secured a footing and the indiscriminate floatation of new life assurance companies will not be conducive to the best interests of the enterprise in India, especially in view of the fact that no less than 64 companies have been established in the last four years. It is also noteworthy that during recent years 5 companies had to go into liquidation within 3 years of their existence as they failed to secure proper business. This must serve as a warning to the Indian business community that rash to start new companies.

The Insurance Year Book will help the student and the businessman to solve the problems connected with Indian insurance as it gives the latest facts and figures available regarding the position of that industry in India.

Bramwell Booth.

By Catherine Bramwell Booth, Messrs. Rich and Cowan Ltd., Maiden Lane, Strand, London. Price 10s.

Two motives have governed man since his appearance on this planet: one intended to satisfy his physical needs and the other his spiritual needs—the economic motive and the religious motive. These two have been fighting with each other for ascendancy in the breast of man, more often the economic has suppressed the religious motive. Few if any have been successful in effecting a workable compromise between the two.

Unlike the economic motive, the religious motive is not so insistent, mainly because it does not press

itself upon the man in his day to day life. The possibility of man's forgetting his spiritual side is certainly great. Great teachers of religion and philosophers have taken upon themselves the high and arduous task of reminding man of the spirit in him. Whether the interpretation of the spirit in man by one teacher is truer than that by another teacher, is quite immaterial; this of course does not blind us to the fact that much innocent blood has been shed in settling the superiority among these hypotheses. In the end, after all they must remain.

Of the various teachers of humanity, Buddha, Jesus Christ and Mohammed commissioned their disciples to spread the gospel which they have preached. Buddhism spread with remarkable rapidity, but after a few centuries it ceased to be the dynamic proselytising agency which it was at the beginning. The followers of Mohammed made converts to their fold very soon and quick, within about two hundred years the whole of Asia Minor had been converted, and invasions have been made into India. Since then it has steadily grown in numbers, though of late its conversions are not as great as it once used to be. The one religion that has consistently kept up its word of proselytism throughout its history is Christianity. Even to day its capacity for increase in number is not less though the spread of knowledge—scientific and philosophical—and the growth of nationalistic thinking are serious obstacles in the way of any real religion.

One of the latest of these proselytising and evangelising agencies is the Salvation Army, the life of whose great organizer is vividly portrayed to us in this book by his gifted daughter, Bramwell Booth, the son of William Booth, the Founder of the Salvation Army. In 1878 the Army was spiritually and legally established with the father as General and the son as Chief of the staff. If great things can be compared to small, William was the Jesus Christ and Bramwell the St. Paul of the Salvation Army.

In the pages of Catherine are portrayed the life and work of a great human figure that spent its all in the spiritual service of humanity in the direction it conceived to be the best. We say human, deliberately because we find in Bramwell none of the stern asceticism and aloofness that are often the characteristics of great religious leaders. His childlike nature, his chivalrous disposition, his energy and capacity for work, his honesty, his humility, his gift of humour, his all pervading love and above all, his limitless ambitions to turn all souls to God—these make an indelible impression on the mind of the reader. Written as the book is with plenty of quotations from the letters and speeches of Bramwell, we feel as if we are taken into the secrets of the great man's mental and moral make-up. We leave this book with a feeling that we have lived with Bramwell all the time we were with this book. We place this book down with the sad thought that there is no more to read. A gripping and inspiring book, Catherine deserves the warm thanks of all lovers of great personalities for having so artistically pictured her father to the reader.

R.

Education in Ancient India

By Dr. A. S. Altekar. The Indian Book Shop, Benares City. Price Rs. 3.

Dr. Altekar gives us a systematic exposition of the ideas, ideals and realizations of ancient Indian education. That ancient India had a system of education

comparable with that of any other ancient land is now beyond doubt. All that we need is an exhaustive and critical study of that education in the light of modern research. Dr Altekar can fairly claim to have successfully done it. It is a good thing that an Indian scholar has done it for us, for whatever may be the other qualifications of an European scholar, certainly he cannot enter into the genius of our race and culture as an Indian does.

The first chapter is devoted to a description of the rituals connected with education. The second deals with the important topic of the teacher and the student. In ancient India the teacher was accorded a very high place. He was highly respected and venerated. The relation between the teacher and the student was filial in character. The contact between the teacher and the taught was so intimate that the former indelibly influenced the latter. It is heard everywhere at the present day that the modern educational system is defective, because it lacks the intimate contact between the master and the pupil which was the characteristic of the old educational method. We personally think that we need not very much deplore this lack of contact. Great and good teachers are rare to find and it may not always be that the influence of a teacher may not be for good. There is no use discounting the possibility of some teachers marring the destinies of the students. A Yajñavalkya or a Śaṅkhadhara is a treasure. A Jowett or a Green is equally a treasure. But it is within our knowledge that treasures are rare to find. Even when we have found a great and good figure, there is not the possibility of the individuality of the student being suppressed. We count it to be a great loss if it happens. The modern residential system does not bind the student to one teacher, he comes into contact with a variety of figures, he is offered the opportunity to choose the one who is intellectually and spiritually nearest to him. An affectionate and a loving relationship is born between the student and the teacher whom he has found with the result that there is a flower and a bloom which marks out the great European universities. We know that the intellectual freedom of India was practically killed out of existence by the degeneracy, that must come of this gurukula system. The life of the student as depicted in the third chapter was one of rigorous discipline and training. The curricula of studies consisted mainly of religious and philosophical literature though it must be said, in fairness, that fine arts—architecture and sculpture—were not neglected. Female education was high in quantity and in quality, but in the Paurāṇik period the neglect of the education of ladies assumed seriousness. Military training was not neglected. The most noticeable want in the whole system was the practical absence of primary and mass education.

Ancient India had its own great universities, of which all Indians ought to be proud. Takṣaśīla, Nālandā, Benarēs, Valabhī and Vikramasīla were the most famous centres of learning while there were many colleges scattered all over the country. Dr Altekar describes to us the centres of culture and some important colleges. There was state aid to education without state control—a lesson that must be learnt by the modern Government of India. Endowments were common. Learning was glorified, and there was widespread desire for enlightenment.

The aim of education in ancient India was the building up of character. Self reliance was emphasized. Education was not otherworldly as man's civil and social duties were insisted upon. But the

canonical sanction that came into vogue impeded research. As Dr Altekar says, 'If the Rahu Ketu theory of eclipses has continued to retain its hold over the popular Hindu mind for the last 1500 years and more, in spite of the scientific cause of eclipses, the reason is that Hindu scholarship was mired in the leading strings of religion to carry on any active propaganda against its hypotheses. The discontinuance of dissection in medical training and the abandonment of agriculture by the Brahmanas, Buddhists and Jains are also to be attributed to the hold of the progressively puritanical notions over the popular mind.' Of course, as the author points out, till the fifteenth century, even in Europe, theology stopped the progress of research and knowledge, but modern Europe has progressed so far that even if India begins to day to gird up her loins, it will take two hundred years to come anywhere near it, by which time we don't know where Europe will be. The sinking of superstition has been too deep in the Hindu mind, a violent pull and shake is necessary to awaken it out of its languor and stupor.

We are thankful to Dr A. S. Altekar for placing a readable account of our ancient education into our hands.

R. V. A.

The General Principles of Economics.

By A. J. Saunders. Published by Raju Press Madurai. P. VI 486 and viii.

Of the making of books in economics there is no end. The libraries abound in text books and treatises. There is a reason for the abundance of literature on the subject for in the modern world everyone willy nilly is obliged to take interest in economic affairs. Days are gone by when our economic environment could be regarded as a given quantity and there was but little to disturb the even tenor of individual life or the life of the country. With the spread of literacy on the one side and with the increasing complexity bordering on chaos in the economic world there is a persistent demand both from schools and the general public for books purporting to explain the mysterious workings of the economic machine in the tools of which everyone of us seems to have been caught. Dr Saunders' book therefore is well timed and fulfils a definite need. No doubt there are many books on economics but his contribution is not one too many. The demand for economic literature is proving well nigh insatiable though unfortunately for the writer of books this demand is sought to be satisfied through the copies in the libraries or through friends whose books become private circulating libraries.

Dr Saunders' *Principles* is a text book in economics in the best sense of the term. The main body of economic doctrine is set forth clearly, precisely and in a manner which brings out the interdependence of the various parts of the science. One could quarrel with his main divisions, e.g. under the chapter entitled "The Exchange Process" he treats the problem of value and the theory of money. Though there is ample warrant for it in American writers, the student new to economics gets a clearer grasp of an intricate part of the science if after the manner of Marshall he were told that Exchange is concerned with valuation which is the central problem of economic theory while money as a species of applied economics is entitled to separate though not independent treatment.

The book has some excellent features. It incorporates the latest developments in economic science and the author's statements are well supported by apt quotations and foot notes which lead the enquiring student to the original sources. There is a very useful section on Statistical and Mathematical Economics. Statistics and Mathematics have now become very necessary tools of discovery in the economic terrain. The brief survey of economic thought sets forth in a small compass the whole range of the development of the various schools and the important contributions of the principal writers. Last but not least there is a selective bibliography arranged in sections corresponding to the chapters in the book. It is the bane of the writer of a text that he produces the impression that the whole science is contained within the two covers of his book. Perhaps such good impressions fostered to increase the marketability of the book. But Dr Saunders is concerned with the spread of knowledge and his bibliography shows that he does not pretend that he has confined the whole of economic wisdom within his book.

There is only one respect in which the book is not a decided success. The author announces in the preface that one of his chief aims is to apply as far as possible the principles outlined to Indian conditions. But the references to India in the main body of his work are few and far between and beyond a few wishes that such and such a reform may be carried out there is no scientific exposition of our economic problems. He wishes his study to develop the true spirit of Service of India. For such a purpose much more is required than stray references to Indian economic questions interspersed in the body of a work on the principles of economics. In a new edition of the book the Indian side could be greatly expanded and fitted within the limits of a small text book. It is found impossible to combine the descriptive and analytical economics of India with the general survey of economic theories the author may give up the attempt to apply the principles to Indian conditions.

On the whole the author has written an excellent book which will meet the requirements both of the College student and the general reader in search of a clear and concise statement of economic principles.

V L D SOZGA

Journalism as a Career

By Abdul Majid Rau (Commercial Book Co Lahore) Price Rs 9/8

There are few books in India which can serve as guides to young and aspiring journalists. Mr Rau's book meets a long felt want. We commend it to all who wish to take up journalism as a profession in this country.

A V R

Maya

Some more South Indian Stories By Hilton Brown Art Press 20 Brn Indian Street Calcutta

South Indian readers at any rate the name of Mr Hilton Brown is familiar. Who has not read and has not enjoyed the humour and the portraiture of South Indian life in his short stories? Here is another nosegay of such ones.

Good as these stories are we are afraid that they

do not represent the best effort of Mr Brown. Some of the stories which appeared in the *Hindu* are real treats. Though they are not among his best they do possess considerable charm and what is more sympathetic and deeper understanding of our life.

A V R

The Problem of Public Morality

R U P Krishnamacharya of Benares. Published by the Religious Science Bureau 13 Govindappa Naidu Street G T Madras Price 8 As

This Ant Mayoy Pamphlet No. 3 attempts at a rational scientific practical and thorough justification of Devadas caste and it is claimed that the colossal calumny heaped by Miss Mayo on Mother India is hereby cleared off by the spadework of scientific logic.

We feel that all the labour expended on this pamphlet has been a waste for whatever might have been the cause of the institution of the Devadasi system it is defended here at the present day. We have sufficient reasons to contend against the rationale of the system even at the time of its start. We do not want to enter into them now. But the very idea of a class of prostitutes being maintained for the benefit of the kings nobles intellectuals and clergies is so abhorrent to the ideas of morality which we have been brought up. The argument that there will be clandestine prostitution on which not to be urged as reformers are making superfluous efforts to improve the morals of the countrymen as a whole. Mahatma Gandhi and I. R. S. Muthulakshmi Reddy—to name only the most prominent of the Indian reformers now living—are keen on the abolition of this much detested evil.

The quotation from Havelock Ellis unfortunately much as we know that there is no more ardent reformer than that greatest of living sexual psychologists. Though man may be polygamous by nature still the ideal of monogamy says Ellis was even by the seamen of the ancient civilization found to be the greatest ideal mode for evolving an perfecting of man and his race. It is in the nature of religious scripture to suit one's purpose to make the ad of Havelock Ellis.

We grant that Bangalore Nagarathnam might have a few of the Devadas system more in consonance with the writers. But we have every ground to believe that is not the opinion commonly held among the sisters of that community. Social odium and economic difficulties stand in the way of the reclamation of these unfortunate ladies and when our leaders put forth their efforts to help them to become re-usable family members we have no doubt they will settle down as good and virtuous wives and mothers.

It is a curious enigma or rony of our Sanatanistic psychology that while they object to a perfectly rational and scientific system of conception they are blind to the ethically offensive and morally obnoxious nature of the Devadas system.

A V R

Acknowledgment

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PLANNED ECONOMY FOR INDIA

By SIR M. VISVESVARAYA

THIS book is, perhaps, the first systematic exposition we have of the Indian economic problem in all its varied aspects, based on unassailable facts and remarkable for the powerful and passionate plea it puts forth for organizing India in the economic field on a thought-out cohesive plan. Crammed with facts, some absolutely exact and others closely estimated, the book is bound to make an irresistible appeal to all well-wishers of the country. The comparative study of nations and the "look on this picture and on that" aspect presented is an original feature of the volume. The main aim is to induce the Government and the people to work for doubling the country's income in ten years, and the adoption of a Ten-Year Plan for the purpose. The book lays down the incontrovertible dictum that the true path to the country's economic advance lies, not in isolated attempts at reform or in detached schemes taken up at random, but in the adoption and systematic prosecution of a comprehensive country-wide plan and programme. Timely to a degree, coming so soon after the issue of the Joint Parliamentary Select Committee Report on the Indian Reforms, it is destined to attract wide attention in this country and outside of it by its critical analysis, its broad outlook and its eminently constructive character.

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a definite answer to the question. Elaborate statistical data for giving such a definite answer for the period 1900-1930, were given by Dr Thomas in his paper on 'Population and Production 1920-1932'. His conclusion was that production had increased faster than population during the period 1900-1930. This gave rise to an interesting discussion in the course of which it was pointed out that the appeal to statistics gave a scientific turn to the study of that important problem. The population problem in Sind was dealt with by Mr Malkhani (Shikarpur) and papers on inter provincial migrations were read by Mr D N Banerjee (Dacca) and Mr S V Iyer (Dacca).

The Centenary of the death of T R Malthus, the author of the well known theory of population fell on 29th December the date of this discussion and Mr Manohar Lal (Ex Minister, Punjab) and Dr Mukerjee made speeches eulogising the services rendered by that economist and appealed for a research bureau for the study of population problems. A Committee was appointed for convening a conference and for seeking the co-operation of medical men and others interested in the study of population problems.

Addressing the Indian Science Congress held in Calcutta on January 2 1935 His Excellency the Viceroy spoke as follows on the contribution of the Indian Government to Scientific Research.—It may be asked what part does Government play or propose to play in India's contribution to science. Members of the Congress will need no elaborate reminder of what the Government of India have done and are doing in this respect. Three scientific services whose work has won world wide recognition owe their inception and existence to their initiative. I refer to the geological, the meteorological and the zoological surveys of India. Further the Medical Research Department of Government of India and the Indian Research Fund Association which is financed by them have done much to alleviate human suffering in combating those fell diseases which are still so powerful and so destructive. In the promotion of agricultural research of which the prosperity of our agricultural masses so vitally depends they still take a useful share through the agency of the Imperial Council of Agricultural Research. The problems of India's forests, a great economic asset, also receive attention in the laboratories of the Forest Research Institute Dehra Dun. Again a bureau of industrial information and research

RURAL DEBT RELIEF

The legislation undertaken by various provinces for relieving of rural indebtedness formed the current topic for discussion at the Conference. Mr Manohar Lal spoke on the debt legislation in the Punjab and expressed his disapproval of some of the measures for curtailing interest. Messrs Mukerjee, Kaul and Gurumukh Singh gave an account of the agricultural relief legislation in the United Provinces. Prof Thomas made a review of the Debt Conciliation Boards in the Central Provinces. He also showed that legislation was not enough, measures must be taken to increase the income of the masses. Mr Bhulabai Desai (Head of the Congress Parliamentary Board) spoke on the pitiable condition of the rural masses and opined that there was hardly any profit from agriculture in these days.

Papers were also read on the economic history of India in the 19th century by Messrs B B Mukerji (Patna), B R Misra (Cawnpore) and Sitaram Sastri (Andhra), and others. It was decided to hold the next Conference at Dacca.

is in the process of formation and only last month a Congress of Road Engineers met to devise ways and means of organizing research in problems of road construction. In modern times a country without maps is a 'dark continent'. The preparation of such maps has been accepted in India for many years past as an important function of Government. The topographical maps of this country which the Survey of India produce bear comparison with those of any other country. This enumeration of the Central Government's activities has not been made in any spirit of self congratulation. It is intended merely to indicate that I and my Government have not been unaware of the benefits which should be derived from scientific research. I hasten to add that we shall continue to render assistance in these directions to such an extent as our resources permit. Nor is my account in any sense exhaustive of the share of the state in scientific research. Under our present constitutional structure responsibility for many branches of scientific activity, as for example in medicine, industry and agriculture, rests within their own territorial limits with Provincial Government. I have not touched upon their achievements owing to limitations of time as well as of information.

The Economics of Imperfect Competition.

By E da Costa, BA (Oxon)

Within the last eight years—and more particularly in the last three—there has emerged in economic analysis a new departure the significance of which does not appear to have been generally recognized. The best expositions of this change are contained in two works of singular merit—The Economics of Imperfect Competition by Joan Robinson and Monopolistic Competition by Chamberlain—but the remarkable contribution to economic science made by these writers has hardly been realized even amongst economic theorists. Briefly the departure consists in discarding the system of perfect competition as a working model of the economic world and in treating it merely as a special and highly artificial case of imperfect competition—the case in which the demand curve for the product of an individual firm is infinitely elastic. The great defects of the older and classical theory have continued to accumulate and there has long been a feeling even amongst its exponents that it needed some sort of drastic amendment to meet the facts of the real world. Almost every work of economic theory which followed the older system had to invoke a violent *deus ex machina* to explain why the world of theory did not accord with the world of fact. This usually took the form of an appeal to economic friction with some glib talk about the great complications of economics which roused a haze about all their reasoning. For example in treating the labour market the system of perfect competition leaves quite unexplained the existence of unemployment. When dealing with the problem of waves exponents of the classical theory first assumed a perfect market in which case they had no room for unemployment and then when they found that unemployment was too persistent to be left out of account they treated it only to make insufficient allowance for competition. Even Marshall and Edgeworth got themselves into endless difficulties by attempting to ride both in double harness all along the line. It was no good appealing to economic friction because it could always be retaliated that if friction was so important it should have been in the original system and not dragged in as an after thought. It is this frank recognition that economic friction—however caused—must be treated as part of the system that has led to the

Economics of Imperfect Competition. Instead of treating perfect competition as the rule and imperfect competition as the exception it was necessary to start at the other end—sometimes called the monopoly end—and to treat perfect competition as a highly artificial special case.

This analysis now practically complete, has not merely succeeded in overcoming the difficulties of the perfect competition theory. It has increased the whole range of economic science enabling it to deal with a set of problems for which the older analysis was quite unfit. For example the problem of reconciling the fact that under perfect competition firms must be of optimum size with the existence of increasing returns was quite insoluble on the older theory. It is now seen that if the assumption of perfect competition be dropped firms can be in equilibrium even when they are of less (or more) than the optimum size and one way in which increasing returns (in the non technical sense) do come about is by the removal of some imperfection which has hitherto prevented optimum firms from adjusting themselves to optimum size. With the disposal of this difficulty we also escape a source of perennial trouble in the form of Marshall's Representative Firm. It will be remembered that it was precisely to overcome the inconsistency between perfectly competitive equilibrium and increasing returns that Marshall introduced his conception of a Representative Firm. Viewed from the new angle this conception appears futile and even somewhat absurd. It is futile because when the assumption of perfect competition is dropped the whole analysis can proceed without any difficulty. It is moreover somewhat absurd in a world in which each entrepreneur is concerned with his own profits only to construct an analysis which pretends that his conduct is regulated by some mythical firm earning an even more mythical reward called normal profits. The executive decisions to employ more or fewer resources are not made industry wise by certain controllers of the whole industry with their eyes on normal profits but by a multitude of entrepreneurs earning profits for certain firms.

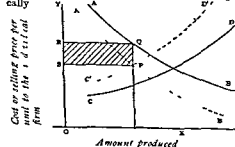
It is this vital point which is made the whole centre of the new analysis. The unit is not the industry but the individual firm, and

the only assumption necessary for equilibrium is not the existence of competition as the older economists seem to have thought but the condition that each entrepreneur maximises his own money gains. This discovery has led to a slight modification in the mathematical technique employed in economic analysis. We now dispense with the Supply Curve of the Industry and the Demand Curve of the Industry our concern being entirely with the corresponding curves for an individual firm or rather with the corresponding marginal curves—i.e., the marginal cost curve and the marginal revenue curve. What are the considerations which lead an individual employer A (say) to expand or contract his output? A expands or contracts his output not with reference to normal profits, or the demand and supply curves of the industry, but merely because in his own circumstances he finds he can increase his own profit by so doing. In other words he considers his own marginal cost and marginal revenue curves. Output is fixed at that point at which the marginal revenue curve of the individual firm cuts the marginal cost curve*. It is these two curves which furnish us with the requisite information in deciding at what point an entrepreneur fixes his output and the new technique is based fundamentally on these two curves instead of the older curves of supply and demand. When the individual demand and supply curves are given the corresponding marginal curves are determined and then the whole analysis can proceed without any reference to the volume of profit †.

* If the marginal revenue is greater than marginal cost it would pay him to expand output. If less he would have to contract output. In equilibrium marginal revenue must therefore be equal to marginal cost.

† Cf. Joan Robinson *The Economics of Imperfect Competition* Chap. II.

‡ This is perhaps best illustrated diagrammatically.



In the figure, AB is the individual demand curve CD is the individual supply curve AB and CD are the corresponding marginal curves i.e.,

This point has been laboured to show that it is not the volume of profit relatively to any 'normal' level that determines the conditions of equilibrium but merely the nature of the individual marginal revenue and marginal cost curves. This result explains at once one of the questions so baffling to those nurtured on the perfect competition theory. On that theory firms earning less than 'normal' profits must go out of existence and new firms must enter industries earning more than normal profits. But we see all around us the persistence of firms which have no chance of earning normal profits and we also see industries in which although profits are above 'normal' no new entry takes place. The behaviour of the older economists in the face of these facts was a mere evasion of the difficulty. Instead of admitting frankly that their system somehow did not represent the real world they conceived the notion of 'net profits' with allowances for other advantages and so on. But this artifice although it might have helped in a few instances is quite inadequate to explain away the unresponsiveness of the economic system to profits. It now appears that the real explanation rests in imperfect competition. Under imperfect competition firms may be in equilibrium while their profits are either super-normal or sub-normal even in cases where the imperfection does not take the form of restriction of entry.

This is but one of many facts in the real world which the economics of imperfect competition has made clear. Perhaps an even greater triumph of the new technique is in connection with the theory of wages. That theory has always been the weakest link in the system of the older economists simply because the assumption of perfect competition in the labour market was completely at variance with facts. It can now be shown that a slight modification of the marginal productivity analysis adapted to deal with imperfect competition furnishes us with as satisfactory a theory of wages as we are ever likely to reach. The analysis so developed is also adequate for the solution of a range of problems always outside the scope of the classical theory. These problems connected

AB is the marginal revenue curve CD is the marginal cost curve. The profit is given by PQRS but it is not the profit which has regulated the output. That is fixed by P, the point of intersection of the marginal revenue and marginal cost curves.

‡ These cases can easily be represented diagrammatically.

with exploitation and monopoly and monopsony of labour have for the first time been adequately explained. The monopoly and monopsony of labour are merely special cases of Monopoly and Monopsony theory and practically the whole of that theory can be dealt with by the marginal technique used in the economics of imperfect competition in a much more satisfactory way than by the cumbersome *some* *areas* technique used by Marshall and his followers.

It will be clear to all except those blinded by prejudice that the new analysis enables us to dispense completely with the old for it contains within itself the whole of the perfect competition theory. That theory is merely a special case of a much more far-reaching technique and all problems of perfect competition are immediately soluble by making the necessary modifications in the final results obtained for imperfect competition. We have in fact only to put E (the elasticity of demand of the product of an individual firm) = infinity in all formulae obtained for imperfect competition and we obtain the corresponding results for perfect competition. We are thus freed from the very heavy duty of reading the older economists whose works are now only important as tracing the growth of economic thought. Unfortunately the older economists have succeeded in conquering not merely our minds but also our hearts and there exists to-day when better methods than theirs are at hand a stubborn adherence to the classical theory.

The Government of Bombay have carefully considered the question of revision of the present constitution of the Provincial Agricultural Research Committee. The Committee consists of five officials, two trade representatives, one representative of science, one non-official member from Sind interested in agriculture and five non-official members of the Legislative Council. The primary duty of the Committee is to examine all programmes of development and research which the Local Government may propose to refer to the Imperial Council of Agricultural Research. It is therefore, desirable to strengthen its scientific side by the inclusion of at least one more scientific expert from the staff of the Agricultural Department and a Professor of Biology from one of the Colleges affiliated to the Bombay University, who need not necessarily be an official. It is equally desirable to have a strong and representative non-official element

This is partly no doubt due to its comparative simplicity but it is also because of the way in which economic science has been taught at Universities. We have been taught to regard Adam Smith and Ricardo or latterly Marshall as the great heroes of economic science. So they were—in their own time. But their time has passed and new figures should inherit the position they once enjoyed. The system they preached had some pretence to authority in a world which was—like England in 1810—very largely a competitive one but it has completely lost its relevance in a world quite different from that envisaged by the perfect competition theorist. Over the greater part of the industrial field competition and monopoly have replaced competition, the new planned economics of various countries and the Communist planning of Soviet Russia interfere in a hundred ways with the unrestrained competition which was the classical economists' premise. By stubborn adherence to the old system—which has now been rendered completely unnecessary—we shall merely multiply that distrust of the conclusions of the economists which the ordinary man has always felt. Is it too much to hope that better conclusions will prevail and that our Universities will make those changes in the curricula of economic studies which the rise of the Economics of Imperfect Competition in the world of theory no less than that of fact alike demand?

On the Committee in order that the schemes coming before it may be examined from the points of view of their intelligibility to the ordinary person, their practical importance and probable benefit to the country and their financial provisions. Persons who are mainly interested in agriculture selected from the various parts of the Presidency would be suitable for tackling such problems. Government have therefore directed that the Provincial Agricultural Research Committee should be reconstituted on this basis. As now reconstituted it will consist of 7 officials and 7 non-officials of whom one will be a Professor of Biology, two representatives of trade and four non-officials interested in agriculture chosen from Sind and the Northern Central and Southern Divisions.

You can forgive a man his English if his Scotch is all right.

Federation and Dominion Status.

By "H."

The suggestion has been made that the idea of Indian Federation as contemplated by the J P C Report does not admit of Dominion Status of the current type. If Federation of the regular Western type is impossible, Dominion Status of the known type is also impossible. If the States drop off from the Federation as evolved in the Report then British Indian Provinces can form a true Federation of the Western type and they can also secure Dominion Status of the regular Western kind. This in the outcome is thus the inclusion of the Indian States in the so called Federation. Normal Federation is thus altogether an incongruous unattainable idea for India if the Indian States are to be in it—as much as the evolution of the normal Dominion Status if they are also to be in the picture. Their Treaties their Sovereignities and the Paramountcy of the Crown are said to be the obstacles in the way. The suggestion is also put forward that the Federation idea has been purposely adumbrated to prevent India attaining Dominion Status and that the British Government knew the exact position but as its object was to load the Central Legislature and the Government with conservative elements and thus make up for the loss of the official element in both these spheres they kept both their own countrymen and the people in ignorance of what they meant and what they were at. The inference follows that the constitution of the Indian Federation as evolved constitutionally precludes the British Government from making a declaration about Dominion Status quite apart from its being unwilling to do so. The writer is of course one of those who have attacked the union—the political union—of the British Provinces with the Indian States in anything like a Federation. Consistently with his attitude he sees that both Federation and Dominion Status are wholly out of the question if this union came about and ended in a Federation. Of course he is not alone in stressing this particular point of view. He is mentally allied to those who think that Indian States are to day an anachronism in this country. If they will not mend they should be ended. This ending may be brought about in this manner—leave them alone and federate all the British Indian Provinces and attain the Dominion model. The Indian States will lag behind and they will either

be dragged out of their isolation by their subjects—when the Federated British Provinces will leave them to themselves to fight their own battles, and thus settle up as between themselves and their Rulers the Paramountcy and Treaty questions with the Crown or drag them in they out of their isolation performing *lari lari* of their sovereign rights and reducing themselves to the status of British Provinces. Those who hold this view have been the protagonists of the theory that Mahatma Gandhi made a mistake, while at the R T C in befriending the States. This however, is a question apart. Right or wrong the upholders of this theory think that the Indian State subjects *versus* Indian State Rulers is a matter that should and can be settled now if only sufficient pressure is placed on the Rulers. Practical considerations have no place in their politics. Is it necessary to complicate issues at the R T C and antagonize possible friends and convert them into positive antagonists? They may be misguided—at least some of them to day but is there any chance that they will ever continue misguided? Is there no call of that higher patriotism in their case that every politician boasts of in India? Is the human element entirely absent in their case? What after all is the end and aim of political existence in their case? Is it all absolutism or personal rule whatever the environment they may find themselves in? Is absolutism even the much boasted one of the Hailey type possible to day in India? Is such isolation of the suggested type possible and if possible will it ensure to the well being of Rulers of their States? These theorists forget change is the one permanent thing in this impermanent world. Are there no distinctions of a kind between them *inter se*? If that be so cannot the better ones—we mean the more advanced ones—prove like the leaven that can leaven the whole lump? Are all British Indian Provinces in the same grade of advance? The greatest stumbling block in the way of clear thinking in regard to Indian States is to treat them as a lump apart in a collective sense and dump them all as if they were fit only for political ostracism.

The theorists that we have in view suggest that the Dominion Status involves the right to independence which involves the right to secede—from the Commonwealth of Nations forming the British Empire of to-day.

According to them the States being bound by indissoluble ties to that Empire—through the British Crown—cannot secede. Ergo Federation and Dominion Status are impossible. Well the only thing to be said in answer is this: this is theory but the practice is different. Dominions of to-day were the Colonies of yesterday. Colonies were but Crown administered areas. Time changed the Crown administered Colonies into the self-governed Dominions. The Statute of Westminster *regis ter*—and not *creat*—the change. What prevented that change in the case of Crown allied Indian States from their present position to the next one—from Crown allies to Self-governing units that have sought union in a Federation on stated terms and conditions? Theorists are like yardstick measurers. They measure and measure—and they find the stick cannot measure full length. And they exclaim not that the stick is too short but that the thing measured is not short enough to suit the yardstick. Strange men these and we need not wonder that they fail to convince. They conjure up visions of obstacles where none need exist. At any rate their theory is bare theory and no more. They make in this particular case two mistakes. One is that because they are Crown dependants they are not free. British Indian Provinces are free for they can secede from the Empire. Is this so even in theory? The right to secede can only come with *status*. Is that status there to-day to talk of it? Is it not the fact that Federation is thinkable only with the States and Provinces? What is the position as envisaged even in the Mortara-Chelmsford Report? It will not do to forget that India cannot be a unit without the realization of union of all its territories and its people under one Central Government and that cannot but be Federal. The union cannot come about without sacrifices on both sides—those sacrifices to be on agreed terms and conditions. The Crown may be there—both for the States and the Provinces. The status is the same in practice—through the Governor General the contact is there with the Crown. At first it might be real for both, then partly real and partly fictitious and then finally perhaps entirely fictitious. That stage may come soon or may be evolved in certain stages. The evolution is possible and whenever it comes it will register in practice the Westminster statute stage for both the States and the Provinces. There is need to remember that for both States and the Provinces this is not only the constitutional posi-

tion but also the actual position if Federation is realized. In practice it is bound to be seen that as in the case of Federalism ideas of dependency are found to die with the exercise of higher independent powers by the Indian Federal Legislature. The States will be drawn into the vortex of the struggle for the higher life and their interests will drag them more and more into the life-giving Central Government with the result that its dependence on the Crown will gradually become inoperative and die at altogether in course of time. Paramountcy, as Paramountcy said the Putter Committee put it forgot that Paramountcy has died elsewhere by efflux of time if not non-existence due to desuetude. The Statute of Westminster is the best witness to it. The Crown lasts so long as it can when it cannot it rages no more. The Crown is as ever it has been merciful in the exercise of its power. Theorists should note that if they desire not to mislead themselves and mislead others the hogey they raise of unnatural unions of assorted unions of free Provincial Governments and Crown dependent States etc. are all meaningless twaddle. In the ultimate analysis of things both States and Provinces are *dependent* and the change needed for both is from a *Dependent* State to the *Dominion* State. If we remember that and devise means for attaining that *Status* the rest will follow as the day follows the night. British Indian Provinces should lead and draw in the States, their fate is inevitably bound with States. Of this they should be certain if they mean advance. It will *not do to advance* and lead behind a third of the country behind. That would not be advance. It may be anything but not winning liberty. In that case India would not have won liberty—that freedom from control and freedom from the sense of dependence that we all prize so highly. A very long lack put it that nation is in the enjoyment of liberty which stands by its own strength and does not depend on the will of another. If a part is dependent on the will of another the rest cannot have won liberty for the whole. That is too elementary for words. But there is fear that it is likely to be forgotten in the medley of thinking in which theorists seem to be lost to-day. Advance India and not *British India* should be the battle cry until the goal is reached.

The plutocrat does not have the best of everything. Poor miserable brute he has to put up with only having everything—*Mr G. A. Chesterton*

Forestry in India: Economic and Commercial Aspects.

By A D Blascheck, FCH, Oec D., IFS (Retd),
*Late Inspector General of Forests, India, and President, Forest Research
Institute, Dehra Dun*

I have been asked to give some account of the economic and commercial aspects of forestry in India and I will confine myself to the briefest description of the forests and shall not attempt to describe their silvicultural treatment.*

THE FORESTS

There is a greater variety of climate in India than in any other country of the same size in the world and in consequence most types of forest are represented. The rainfall varies from a few inches a year in Upper Sind to 500 inches at Cherrapunji in the Assam hills and temperatures vary between extremes of approximately 25° and 125° F. Association of these climatic conditions is primarily responsible for the natural distribution of forest types such as the damp tropical evergreen forests of Peninsular Assam Burma and South India the more open forests throughout the country which are more or less leafless at some time of the year the thorny scrub forests bordering on the deserts the temperate hill forests and the alpine forests of the Himalaya. The seasonal distribution of rainfall the geological formation and the nature of the soil account for further type some of which are quite distinct and well defined while others merge into each other. And finally not only the condition but even the composition of the crops has been affected by past treatment such as the intensity of felling the nature and extent of grazing and the occurrence of fires.

THE POLICY

Lord Dalhousie inaugurated a permanent forest policy in India in 1855 and the start made in Burma and Madras was soon followed by the creation of a forest department of government in other provinces. In 1891 as a result of experience gained the Government of India issued a detailed statement of their policy. A resolution recognizing the claims of local villagers to forest produce largely confined protective measures to forests which provide a valuable supply of timber or which for some

reason or another should not be denuded. The policy still holds good and owing to the wider interests involved and the possible sacrifice of forest for immediate gain its maintenance has been recognized as the concern of the Central Government the special forest laws are sometimes of local application only but they are based on the Indian Forest Act of 1882. As a result of political changes forest administration now very largely rests with the provincial governments and in Burma Bombay and the N.W. Frontier Province it has already been transferred to Ministers responsible to the Provincial Legislative Councils.

THE AREA

The area of forest under the control of the Forest Department is 261 000 square miles an area more than twice that of the British Isles and nearly 24 per cent of British India. Much of this forest is at present inaccessible or unprofitable or is waste of use only to the local population but 82 000 square miles are managed in accordance with working plans which provide for a sustained yield of timber or other produce. In addition to the government forests there are large areas of forest in some of the States and considerable areas privately owned more than half of Burma is forest while in India proper the largest areas are in the Central Provinces Assam and Madras.

REVENUE AND ECONOMIC VALUE

Forestry in India is intimately connected with the welfare of millions of the population and trade in forest products makes a large contribution to the wealth of the country. The increase of revenue from the forests was continuous until the world economic crisis began in 1930. Revenue in the Forest Department had increased tenfold in fifty years and post-war demand and high prices raised it still further to £1 750 000 in Burma and £3 000 000 in India proper with a total surplus of revenue over expenditure of nearly £9 000 000. Since 1930 the revenue has fallen but the returns for 1932-33 show some improvement with a net revenue of £650 000. These figures take no account of large quantities of forest produce provided free of charge

* Paper read before the Royal Society of Arts London on Dec 14 1934. Communicated by the Secretary Royal Society of Arts.

nor of the full value of produce supplied at concession rates such supplies including timber firewood grass grazing and innumerable minor products are often irreplaceable necessities of life in the vicinity of the forest but the quantities removed can only be estimated and it is difficult to give them a money value. Some conception of their local importance is afforded by estimates of 100 000 tons of timber and 1 200 000 tons of firewood removed free of charge and grazing provided for 13 000 000 cattle sheep goats and buffaloes. Very little forest is closed to grazing and in times of scarcity supplies of fodder from the forest are invaluable.

There is no satisfactory record of the numbers of people engaged in the timber and other forest industries most forest occupations are distinctly seasonal and it is difficult to record dual occupations and to take account of those employed on casual forest work. The census returns of 1931 show that the extraction conversion and utilization of timber gave employment to 1 900 000 people in British India and the collection and preparation of minor forest produce to a further 700 000.

It is even more difficult to express the immense indirect value of forest in regulating the flow of water preventing floods and stopping erosion in a country where seasonal rainfall is so heavy. There are instances of large areas of agricultural land lost through past destruction of a joining forest and now the cultivation of vast areas of reclaimed waste in the Punjab and Sind is entirely dependent on irrigation and a regular flow of water in the rivers.

OUTPUT AND CONSUMPTION OF TIMBER

Until the world crisis began the output of timber from government forests had steadily increased. In 1929-30 it was as much as 2 500 000 tons or double what it had been twenty years earlier in 1907-33 the output was 1 700 000 tons the increased consumption was no longer fully maintained but general demand was again improving. The railways are the largest consumers of timber and they were effecting every possible economy in maintenance as well as construction. They require normally more than 150 000 tons of timber a year in the form of sleepers alone and a further 40 000 tons in the construction of carriages and wagons. Most of the sleepers are al (*Shorea robusta*) deodar (*Deodar*), or teak (*Tectaria*), but high prices have encouraged the use of cast iron and of less durable timber. 500 000

wooden sleepers treated with a mixture of creosote and oil as a protection against insects and fungi are now laid annually while other preservatives and a variety of methods of preservation are tested. The lower initial cost of wooden sleepers has always been in their favour and prices are now again coming themselves to compare with cast iron sleepers when cost of delivery including maintenance is included. Wooden sleepers are no longer made and at a reasonable price the market for Indian timber is assured.

IMPORTS AND EXPORTS OF TIMBER

I have prepared a statement concerning imports and exports of timber manufactured in India at the principal minor forest districts in recent years with those twenty years ago. Teak is the only timber for which there is large demand outside India in spite of its relatively high price and the large supply of other timbers available in India the total in ports used to exceed exports including railway sleepers which are no longer imported there was before the war an adverse balance of £ 500 000 in the external timber trade. Larger exports of teak at about double the present value turned the balance of trade considerably in India's favour for a number of years but since 1921 equilibrium has barely been maintained owing to the smaller demand for teak. Exports of timber other than teak are small because softwoods are only available in relatively small quantities in the distant hills and, owing to the cost of extraction and transport, hardwoods can be supplied at competitive prices or offer a market on account of exceptional qualities. Some of the timbers do not suit or their transport by water cannot be controlled over long distances and the cost of transport by rail is prohibitive apart from the cost of extraction is high when only a few timbers are required from extensive mixed forest.

Imports of teak from Siam and Indo-China used to compete with supplies from Burma. They are now a quarter of what they were and the bulk of the imports are softwoods and timber for the manufacture of matting. A separate record is no longer kept of timber imported by land but it still amounts to very considerable quantities.

IMPORTS OF MANUFACTURES OF WOOD

Matches were the principal import of manufactured wood before the war when the value exceeded £ 500 000 a year, now with the aid of import duties the match industry of

India meets nearly the whole demand. Owing to its superior qualities, about half the wood used is again imported from the Baltic while among indigenous woods senul (*Bambusa malabaricum*) and papita (*Sterculia campanulata*) are the most suitable. The latter wood comes from the Andaman Islands, which first supplied the match industry in 1926 in 1932 33 matchwood from these islands alone amounted to 19 000 tons.

Plywood is now the chief manufacture of wood supplied from abroad it is imported in very large quantities for tea chests and it is also sold for all manner of purposes. The manufacture of three ply chests in India was started during the war and two mills in Assam continue the supply they make excellent plywood but even with an import duty of 25 per cent the bulk of the 3 000 000 chests used annually are imported.

Woodpulp is also largely imported although the possibilities of production in India have long been under close investigation. A great advance was made when the Forest Research Institute evolved a satisfactory process of making bamboo pulp but difficulties in regard to the qualities and supply of indigenous softwoods have precluded the production of mechanical as distinct from chemical pulp. Bamboo pulp yields high quality papers, and with the aid of a protective tariff its use is being extended at some of the largest mills the pulping processes and the qualities of some bamboos are still under investigation. Large supplies of suitable varieties are available.

Imports of other manufactures of wood exceed exports local enterprise alone can determine the scope for developing Indian substitutes for imported articles.

EXPORT OF MINOR PRODUCTS

Foreign trade in minor forest produce shows a large balance in favour of India but some of the principal products such as lac, rubber and cardamoms are cultivated and so are only forest produce in a limited sense or to a small extent.

The lac industry is by far the most important as supplies from other countries are very small. Cultivation of the lac insect on forest trees and collection of the incrustation they exude is an important village industry, assisted since 1927 by the Lac Research Institute at Nankum in Bihar and Orissa. The lac crop is subject to seasonal fluctuations and sales are subject to much speculation but apart from this the uses of lac and the consequent demand have varied,

and recently synthetic alternatives have entered into serious competition. Lac is now used for gramophone records the electrical insulation and in the manufacture of varnishes and polishes its properties and wider use are the subject of research both in the United States of America and in England. Since the war the shipping value of lac has ranged from £ 300 per ton down to £ 50, and exports have exceeded £ 6 000,000 in a year.

There is steady demand for myrobalans, the dried fruit of the trees *Terminalia chebula* and *Zelkova* which is the chief dyeing and tanning product of India, exports of catch have steadily declined.

Trade in sandalwood and sandalwood-oil is feeling the competition of recognized substitutes on the other hand the rosin and turpentine industry is well established in India. Large areas of pine (*Pinus longifolia*) forest are systematically tapped to supply two distilleries and to meet the bulk of Indian demand quantities of rosin are exported and imports of both rosin and turpentine are half what they used to be.

FOREST RESEARCH

India now enjoys the results of some sixty years regulated use of her forests and development of their yield. Progress in silviculture and in the utilization of forest produce has been continuous but, until a small staff of research workers was appointed at Dehra Dun in the United Provinces, the success of individual forest officers was frequently unknown beyond the division or beyond the province in which they worked. In 1914 the first Forest Research Institute was opened, and very shortly war demand for forest produce proved the need of still wider research. Plans for expansion were made and in 1929 the present Forest Research Institute, the first in the Empire, was opened. The Institute undertakes and co-ordinates both silvicultural and economic research and the associated botanical entomological and chemical investigations. Silviculture in India presents the widest variety of problems and their solution is of primary importance since future supplies and revenue depend upon maintenance improvement and ultimate reproduction of a large variety of crops. On the other hand economic forest research in India not only has to determine the properties of timbers and other products but it has to supplement private enterprise by developing and encouraging their use. Separate sections of the Institute are concerned with the structure and identification of timbers and with the

scientific definition of their strength while other sections are equipped to season timber in line test their working qualities or apply preservatives and a small pulp and paper mill yields results capable of commercial application.

The Forest Research Institute has promoted the wider use of many timbers and other products and on the economic side it can claim to have helped establish the use of creosoted timber by the railways the manufacture of paper from bamboos the manufacture of plywood and the distillation of rosin and turpentine.

THE ECONOMIC CRISIS

The steady growth of forest revenue for so many years has stressed the commercial importance of forestry in India and when the slump came all manner of economies were suggested with a view to restoring the financial results. Prices and markets for forest products had shrunk some forests could not for the time being be worked at a profit but others needed more intensive management to ensure future supplies and to maintain or develop profitable trade. It had been forgotten that seventy years ago regulated forest management was started when few people believed remunerative management of the forests possible the humbler classes living in or near the forests do not appreciate the need of regulating their increasing demands and there is still a general lack of public opinion recognizing the need of preserving and developing the forests. As a result the staff of the Forest Department is being reduced to the bare minimum in all provinces the area of charges has again been increased recruitment has been suspended and many specialist posts have been abandoned. Even the need of scientific training for the staff and the need of working plans based on scientific principles has been questioned. The Forest Research Institute has survived though its closure or the abandonment of silvicultural research was suggested its activities will suffer from reduction of its own staff and still more from lack of the co-operation of research staff in the provinces.

These are the most disturbing features of forestry in India at the moment and they are likely to be intensified if forestry is entirely provincialized under the new constitution.

The slump in the market for teak has been disastrous for revenue in Burma and increasing local use of substitutes for timber and reports to the same effect from other countries has caused some pessimism. The staff of

forest officers is being reduced to nearly half and it has been suggested that natural supplies of teak will meet all future requirements and that there is no need to develop the outturn of the forests by plantation. It is true that general trade depression may not be wholly responsible for the reduced demand for teak but its effects have been accentuated in the case of timber so widely used for ship building and stocked in large quantities. Teak is a timber that has unique all round qualities though it is not as its popularity in India suggests the best Indian timber for all purposes harder and stronger woods are available and they are more suitable in some cases. World demand for teak has declined owing to restricted ship building and its high price and lack of recognized grading has discouraged its use for other purposes. The teak trade is mostly in the hands of firms who have made large profits in the past and improved methods of marketing will restore their prosperity and re-establish forest revenue as the economic crisis abates. There is no occasion to condemn past policy of developing the teak forests immediate supplies as a whole may be excessive but the largest possible outturn should still be established by plantation in selected forests. Twenty five years ago Burma exported 48,000 tons of teak with a shipping value of £10 per ton to the United Kingdom and to foreign countries and 130,000 tons with a value of £6 per ton to India. Much larger quantities have been exported since then and even in 1932-33 the quantities exported were 16,000 and 127,000 tons the values were then £20 and £10 per ton.

NEED OF DEVELOPMENT

In India as a whole many timbers need to be made better known and both the home and the export trade need better organization. The scope for development is undeniable in view of the immense variety of timbers and other forest products available. In some cases their properties have still to be scientifically determined in other cases supplies have to be surveyed and in the case of timbers recognized grading rules must be applied. Most of the research work can only be done at the Forest Research Institute but the results must be demonstrated and applied and means of extraction improved with the co-operation of the Forest Departments in the provinces private enterprise and trade initiative are not enough. The Grading Rules for Empire Hardwoods issued a year ago by the Advisory

Exports
(Annual £ 000)

<i>Timber</i>	1904 14	1928 '29	1929 30	1930 31	1931-32	1932-33	1933-34
Teak £ per ton)	454 (10)	1 13 (21)	1 149 (21)	916 (21)	458 (18)	334 (1)	498 (1)
Deal and Pine (£ per ton)							
Other Timbers	30	43	55	3	21	26	21
Railway Sleepers							

British Empire	454	1 180	1 207	923	4 9	360	519
By land	66%	6%	69%	68%	69%	5%	7

Manufactures

Tea Chests							
Wood Pulp							
Matches							
Other Manufactures**	5	15	8	11	12	13	15
	25	15	8	11	12	13	15

Imports
(Annual £ 000)

<i>Timber</i>	1904 14	1928 '29	1929 30	1930 31	1931 3	1932-33	1933-34
Teak (£ per ton)	30 (6)	135 (11)	124 (11)	113 (10)	109 (9)	24 (8)	83 (7)
Deal and Pine (£ per ton)	118*	65	89	48	34	3	
Other Timbers†	(2)	()	()	()	(6)	(2)	1
Railway Sleepers	1 8 299	2 8	360	359	210	159	201†

British Empire	89	230	364	520	353	245	224
By land	30%+ 408	1% 2	1% 2	5% 2	11% 2	19% 2	2% 2

Manufactures

Tea Chests	2 02	497	596	455	356	356	356½
Wood Pulp	113*	311	337	315	20	166	203
Matches	50	1 9	82	31	8	4	7
Other Manufactures**	41	91	13	7	32	94	94
	931	1 8	1 141	8 8	666	620	660

*1912 14 †Including deal and pine the figures for deal and pine and other timbers not being available separately for this year Excluding sleepers ‡Not available after 1931-32 (£ 350 000) 1939 14
Approximate **Excluding furniture cabinetware re-exports

APPENDIX

Exports
(Annual £ 000)

	1904 14	1928 '29	1929 30	1930 31	1931 3	1932-33	1933-34
Lac	1 843	6 453	5,225	2 361	1,381	932	1 848
(£ per ton)	(100)	(1 4)	(156)	(86)	(9)	(15)	(51)
Rubber	15	1 499	1,24	9 3	334	66	234
Myrobalans	364	652*	611*	593*	499*	434*	444*
Sandalwood	82	3 3†	295†	183†	33†	105†	163†
Cardamoms	26	154	19	169	93	109	159
Cutch	6	0	66	68	31	3	23
Powder		32	44	1	14	0	8

Imports
(Annual £ 000)

	1904 14	1928 '29	1929 30	1930 3	1931 3	1932 33	1933 34
Resin	41	28	37	21	21	12	25
Turpentine and Substitute	29	19	2	1	9	8	9

* Includes extract † Includes oil

Committee on Timbers at the Imperial Institute will give an invaluable lead to better organization of the timber trade in India and application of the rules should help expand the export market.

The economic as distinct from the strictly commercial aspect of forestry may suffer even more from changes of policy. The forests must be preserved and developed to meet increasing consumption or they merely recede as demand advances. The population is increasing and the standard of living is improving and future supplies can only be assured by systematic management. The consumption of timber as a whole is still small as compared with Western countries and if regulated local demand for timber is seldom excessive but heavy grazing accompanied by fires to improve the grass temporarily and in some instances, the logging of trees for fodder is endangering future supplies from a number of forests. Deterioration of the tree crop or pasture is not easily recognized and even when it is obvious popular opinion is opposed to restrictions. There are notable

exceptions such as the recent forest preservation movement in Clota Nagpur but the extent to which forestry is understood is generally small. Organized publicity by the contribution of articles on forestry to the newspapers by the correction of misstatements and by popular lectures may help to create a forest sense meanwhile for its reservation must be secured by a permanent policy.

In their recent report the Joint Committee on Indian Constitutional Reform have recommended this to some extent. They emphasize the necessity of co-ordinated research at the Central Institute in all forest matters and they propose that a Board of Forestry shall keep provinces in touch regarding administrative matters. They mention the preparation and carrying out of working plans and the recruitment training and possible interchange of staff. It is to be hoped that the New Constitution will provide means of securing a permanent policy of forest preservation and development in all the provinces.

The Department of Industries Bombay will participate in the Poona Industrial Exhibition from 3rd February to 10th March 1933 by holding demonstrations in hand sizing weaving dyeing and calico printing by modern methods and improved implements. The process of hand sizing from 20 to 60 counts of cotton yarn will be shown on a cottage sizing set designed by the Department. Weaving of fine Saris with figured silk borders will be demonstrated on a fly shuttle loom by a new mechanical dobby designed by the Department. Weaving of Sari borders of variegated floral designs with silk and artificial silk yarns will be shown on an automatic handloom another machine recently designed by the Department. It is simple in construction and occupies only 2 x 2 space. Weaving of Durris and Calchhas (carpets of beautiful designs) will be shown on two looms.

A demonstration in the dyeing of ordinary and mercerized yarn as well as silk and artificial silk yarns will be carried on by the Senior Dyeing Demonstrator by using modern colours and chemicals. He will also show Calico and Mica Printing along with Aerograph printing work on cottage looms.

The Department maintains at present 7 cotton weaving schools for weavers, 2 weaving schools for agriculturists, 11 cotton weaving

demonstrations, one wool weaving demonstration, 1 cottage sizing demonstration and 2 dyeing demonstrations scattered in the Presidencies proper and Sind as well as Central Hind. Weaving Institute Poona with a view to introduce amongst the handloom weavers and dyers and others interested in the Hand Weaving Industry improved appliances and modern methods. Scholarships and prizes are awarded to the students attending the weaving schools according to the rules of the Department. Instruction in the Institution mentioned above is imparted free.

For further information enquiries may be addressed to the Director of Industries, Old Custom House Fort Bombay.

* * *

I do not know whether I quite like the idea of intensive spiritual training. I cannot quite see the class settling down to it. I said Sir Mirza Asaf Ali on the occasion of the Centenary Celebrations of the Wesleyan School at Bangalore, "or the pupils surviving without a self-consciousness that may be a curse to himself and his neighbours. All through the school's history you have done wonders by the mere force of the place by example by the occasional word of help or inspiration. I am not sure that this is not the best way of teaching both moral and spiritual truth."

Planned Economy for India.

By A V Ramaswami, B.A.

To have united in one person the qualities of an intellectual and a statesman a cumulative experience under two governments and imaginative ideas to build up the future of a great country is a rare feat for any man till such a man is the author of this book * Sir M Visvesvaraya. He brings to bear upon the execution of a well nigh stupendous task a rich and varied mind stored with profound theoretical knowledge and undoubted practical wisdom. An engineer of public works to begin with he enlarged his earlier self to become an engineer of all round nation building. A book from the pen of Sir M Visvesvaraya—it is no exaggeration to say—

must be reckoned an event in the history of the land for who else can combine the requisite equipment to give a correct lead to this country in the matter of economic reconstruction especially at this juncture of our national history when old ideas and policies have become obsolete and the future yet in the womb of time.

As one takes the book in his hand it is a goodly volume of 432 pages containing 339 pages of reading matter packed with authoritative information and valuable suggestions and 20 pages of statistical tables. The book is divided into two parts the first dealing with an Economic Survey and the second discussing the methods and problems of Reconstruction. Two hundred pages are taken up with a statistical survey of the present economic position of the country. We doubt if there are any two hundred pages in the literature on Indian economic problems which will serve as a guide and as an opener to the Indian student as well as to the

public worker. Even to those who have been accustomed to a study of what has come to be termed—quite nastily of course—Indian economics this survey is sure to fill the reader with a sense of wonder at the abysmal depth of India's misery. Always anxious to be on sure and safe grounds, Sir M Visvesvaraya has spared no pains to back his statements on accurate and reliable figures. In order to bring home to us the force of his remarks he has led us into comparisons with modern developed countries. Six countries have been

mainly chosen for comparative estimates the six most representative countries of advanced development. The United Kingdom is the home of the Industrial Revolution. The United States of America is an admirable example of what Scientific Management can achieve in the fields of industries and commerce. Germany and France are the two Continental countries that have tried to keep pace and at times even outwit Britain and America. Japan is the only Asiatic country that can boast of an industrial civilization comparable with that of any of the advanced

Western countries. Also it has made an enormously rapid progress within about seventy five years thus offering to the world a scarce model of initiative organization enterprise and united and patriotic effort. Canada though one of the youngest countries possesses ultra modern methods of progress and efficiency in fact it is the one country—among the so called capitalist ones—that deserves to be studied with all the care and interest that one can give to it. It is our profound conviction that Canada will lead the world economically very soon. An industrially young country like India can with great profit learn useful lessons at Canada's feet. With such a comparative study and with the authors



Sir M Visvesvaraya

* *Planned Economy for India* By Sir M Visvesvaraya. Printed at the Bangalore Press Mysore Road Bangalore City. Price Rs 6

own illuminating commentaries the Economic Survey of twenty chapters is a miniature cyclopædia of Indian economic knowledge. We do not mean that there are no references to other countries: there are many for instance to Italy, Turkey and Russia, all which countries are having deliberately planned economies. While the three countries are yet in the formative stage of growth they do not offer us any ideal to aim at with the sole exception of Russia. But Sir M. Visvesvaraya definitely says: "The Indian plan should avoid communitist tendencies: its basic policy should be to encourage collective effort without interfering with individual initiative. The developments should be more on the lines followed in the United States of America and in Turkey."

It is gratifying to note that Sir M. Visvesvaraya has laid great stress on the one real impediment in the way of India's industrial and economic advancement—and the conflict of interests between Britain and India that naturally arises in any attempt to solve the Indian problem. He has no doubt in his mind that only a Responsible Government can grapple with the Indian difficulties successfully. The most formidable obstacle, however, to the concession of Responsible Government arises in the opinion of one who is no demagogue or political agitator but a thoroughly well informed dignified and responsible statesman from the disinclination of the British statesmen and British public to part with the powers and privileges which they have for so long enjoyed in this country and which practically fall under four heads—

- (a) Defence
- (b) Civil Services,
- (c) India's Debt in Great Britain and British investments in India and
- (d) British Trade and Commerce. And he goes on to say, "By arriving at an understanding with the British Government and British trade interests a way might be found to the mutual advantage of the two countries whereby the interests referred to may be suitably compensated and the way left free for India to advance with the rapidity with which the Dominions under similar freedom have been forging ahead. *The present Dependency form of Government will have to give place without delay to a Responsible Government (Italics ours)*

While he is of the emphatic opinion that "No credence should be given to the theory that the Indian people would not be capable

of rising to the level of their compeers in progressive countries in production industry or trade even if the training and opportunities afforded in those countries were available here and a responsible government existed to regulate and control their destinies, he is not unaware that "the evils of caste and a low place given to women still remain stumbling blocks to progress especially in rural areas. But as he has well said, "Mass education might have long ago corrected these deleterious influences but lack of efforts to reduce illiteracy has left the bulk of the population ignorant and poor. The unfortunate but none the less callous indifference to mass education on the part of the Government is unparadigmatic: it never checked sincere and honest advisers and the Government turned a stone deaf ear to the timely and pathetic appeals of Gokhale, M. K. Gandhi in language of supreme earnestness and evangelical fervour."

A chapter on administrative and business policies which must be followed in the working out of the plan of reconstruction and another on the training to be given to the average Indian in business life and citizenship precede the description of the actual plan. Industrialism is accepted as being essential to progress and advocated as sound national policy. It is considered healthy for the development of the nation. The role of the State in the economic life of the country is admitted to be predominant, quoting with approval a series of distinguished authors and statesmen including President Franklin Roosevelt the writer insists on the need of the Government consciously and designedly guiding the economic policies and associating itself closely with their execution. But the State as at present constituted in India, is anti-national and anti-democratic and the new Constitution will be no better. The need for a political compromise can never be overrated. On the economic system that India must have Sir M. Visvesvaraya decides in favour of a system of humanized capitalism.

India resembles France in the small size of the agricultural holdings and the United States in the large size of the country and the magnitude of its resources particularly man power. We have yet to build up some measure of moderate industrial prosperity and for the present capitalism is best suited for the purpose. Only the monopolies inimical to capitalism should be minimised, and wherever they are inevitable, a watch should be maintained and special provisions

tions made by legal enactments and otherwise in the direction of service to the public. It behoves the State to refrain from enacting any legislation to limit legitimate private enterprise and at the same time to ensure that large capitalist undertakings are carried on in harmony with the larger interests of the mass of the people. Mechanization and mass production are welcome in the full and unshouted interests of the nation.

The building up of a nation is the building up of the individuals composing it. Education, industrialization, training for defence, international business, equipment, practices and habits and Indianization are the principal measures needed to improve the capacity and quality of the average citizen for national efficiency. Home discipline, creative spirit or initiative and co-operation or team work are necessary to train the citizen for individual efficiency. Sir M. Visvesvaraya opines that the lack of these qualities on the part of the Indian citizen is blocking the way of India's rapid progress. As President Roosevelt declared: "If we are to go forward we must move as a trained and loyal army willing to sacrifice for the good of a common discipline because without such discipline no progress can be made, no leadership becomes effective." We reproduce here the rule that the Indian citizen is asked to lay to his heart: Practise self-help. Knowledge is Power. Cultivate Team work. Practise Thrift. Increase Production and Service. Restrict Imports. Maintain Efficient Standards. Think and Act Institutionally and Think in Terms of the Nation. We cannot but think that it is a shrewd study of the psychology of the Indian mind that has led the author into writing this chapter. True, too true, that in India there is a lack of intelligent and understanding discipline and obedience. Nothing can be more conducive to Indian national welfare than the sustained cultivation of the qualities enumerated by Sir M. Visvesvaraya and we earnestly hope that our countrymen will take lessons from his wise suggestions.

A Ten Year Plan for India is then outlined. It is proposed to establish a Central Economic Council with Provincial and local Councils to do the work of preparing detailed proposals for the Plan. A Central Development Department will work under the supervision of a Cabinet Minister working in collaboration with the Central Economic Council. The Development Minister will have under him a Central Economic staff consisting of at

least half a-dozen officers and experts in economic science and practices. The first Ten Year Plan may be prepared by a Special Planning Commission or Committee appointed by the Government with the approval of the Economic Council. The responsibility for the execution of the work under the Ten Year Plan in each district and city will primarily rest with the Departments of the Provincial Government concerned.

The central idea running through the whole of this proposed national organization is that economic development is the work of the people and to attain any measure of success the working energy and enthusiasm of the public should be enlisted on its behalf. All plans and schemes should be framed generally in consultation with the accredited representatives of business so long as such framing does not conflict with other important public interests. The General Economic staff will also do the propaganda work on behalf of the Ten Year Plan. So much for the organization. The programme includes seven departmental schemes:

- I Industrialization
- II Agriculture and Minor Industries
- III Public Works, Public Utilities, Transport and Power Supply
- IV Commerce
- V Finance and Banking
- VI Other Special Departments
- VII Unemployment

Broadly stated under the supervision of a genuine Responsible Government at the Centre and with the aid of a Ten Year Plan, it is considered possible to double the production and income in the whole country and increase literacy in the population from the present level of 8 per cent to at least 50 per cent during the period. Everything depends upon the conditions under which the Plan is operated, the intensity of the effort which the Government and the people's agencies put forth and the financial support extended to the Plan. The cost of the operation of the Ten Year Plan is estimated to be Rs 10 crores per annum. Rs 2 crores to be spent by the Central Government and Rs 8 crores to be found by the various Provincial Governments roughly in proportion to their population. For the first five years the expenses will have to be met by loans and from the sixth year onward additional revenues may be expected. A Scheme of Five Year Plans for Provinces and States is also given.

The three concluding chapters breathe the subdued emotion of an economist-critic states

man in whom burns the passion for the material advancement of his country. We can well visualise before our mind's eye the feelings of the author when he hopes that

if every Province or State does its share of work in a spirit of emulation and harmonious co-operation the country will go on gathering momentum as a progressive State from year to year at a rate which will astonish the world. His vision of a self-developing India evokes real enthusiasm in us though that enthusiasm is not the outcome of a sentimental adoration of the departed glories of the past which marks the utterances and writings of the politician and the orator but the enthusiasm of a rational thinker who knows his country's resources and possibilities but is conscious that its place in the world is denied to it by an apathetic governmental system that has ceased to inspire.

The Rt Hon Augustine Pirrell wrote: Have you read your Burke? is a question to put to every parliamentary candidate. Burke is the master of an unrivalled political wisdom and a study of his works is sure to teach a man to be wise if teaching can do so. In the present state of India's evolution the present work of Sir M. Visvesvaraya—*Planned Economy for India*—ought to prove an un-

erring guide to our legislators and politicians. The ignorance and lack of knowledge on the part of those whom we ask to represent us in the various legislatures of the country is something too appalling for words. We hope that they will make this book their Bible and through it acquaint themselves thoroughly with the conditions and the needs of our country. To the true student of politics as much as economics of India we would without hesitation commend a repeated study of this great work.

Have you read your Visvesvaraya? That would be the question that we would be inclined to put to every candidate that seeks the suffrage of the voters in this country at present and for a long time to come.

A few days ago the reviewer had the opportunity of showing Sir M. Visvesvaraya's *Planned Economy for India* to a friend of his who is an Assistant Engineer to a Provincial Government. He was waving eloquent over the get up and the printing of the book. When I told him that it was the work of a press called the Bangalore Press in Bangalore he was literally astounded. We heartily congratulate the Bangalore Press on the achievement that has been theirs.

The date when coffee was first introduced into India probably from Abyssinia or Arabia is said to be unknown but according to the Planting Directory of Southern India popular legend says it was brought from Mecca by a Moslem pilgrim named Baba ul din in 1600 to Chinnai and that the hills on which he planted the seven seed he brought were named after him. Seed coffee in 1696 were taken from Cannanore to Kodawung in Java and planted in the garden of the Governor General. These plants however must have been almost immediately destroyed by flood if they were the first to be introduced for another lot had to be introduced also from India in 1799 and it was these that became the progenitors of the *Malacca* coffee not only in Java but throughout the Dutch East Indies generally.

According to the preliminary figures of the International Federation of Master Cotton Spinners the world's mill (and so genuine) consumption of cotton during the last three crop years has been as follows showing a well come increase each year—

	1933 34	1932 33	1931 32
Bales of 478 lbs	Bales	Bales	Bales
American Cotton	13 979 000	14 570 000	12 600 000
Indian	3 937 000	3 300 000	3 976 000
Egyptian	1 200 000	1 453 000	1 500 000
Other	5 683 000	5 027 000	4 233 000
TOTALS	25 200 000	24 550 000	22 401 000

The manufacture of a form of coffee from bananas has begun on a commercial scale in Singapore. As a result of experiments carried out at Hawkesburg Agricultural College and ten year research by Mr C. Motte a Singapore man a satisfactory process has now been discovered. Bananas are cheap and plentiful in Malaya and it is hoped that the industry will develop. Doctors declare that this coffee made from bananas will be useful in the treatment of gastric disorders and in building up children after certain serious illness. One of the difficulties which had to be faced was to discover a method by which the starch could be taken out of the fruit. Banana coffee is prepared as a beverage like ordinary coffee and is black in colour. The beverage has nutritive qualities not possessed by ordinary

Federal Finance.

By V. L. D'Souza, B.A., B.Com.,

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In a Federation there is a division of powers between the Central and Provincial authorities. Certain functions are appropriate to the federal government and certain others to the federating units. A similar distinction is made in regard to the various sources of revenue. The fundamental principle of federal finance would appear to be that the revenues assigned to the central and provincial governments should yield the sums needed for the discharge of their functions. A separation of tax resources would ensure independence for the federal bodies in raising and spending revenues. It would also prevent double taxation and overlapping of tax jurisdictions. No authority must raise money which it cannot spend for itself or spend money which it has not raised. The resources so assigned should be not only sufficient for the immediate task in hand but also should be elastic and expandable to meet the growing needs of governments.

It is not possible, however, to guarantee that the revenues allocated for federal and provincial exploitation will yield just the sums needed for the discharge of their functions. Hence there will always be a need for a compromise entailing concurrent jurisdiction in taxation and the use of the 'balancing factors' to correct excesses and deficiencies in the federal and state treasuries. The distribution of the proceeds of a given tax on a pre-determined basis, the imposition by the state of a supplementary levy on federal taxes or by the federation on state taxes, federal subsidies to the state governments and state contributions to the federal governments, all these devices are made use of to correct the inequalities that arise from a rigid segregation of resources.

Under the Montagu-Chelmsford Reforms there was, no doubt, a separation of tax resources as between the Central Government and the Provinces in India. But the distribution of revenues has brought with it no financial independence to the units. The provinces are allotted land revenue, excise and stamps while customs, income tax and salt remain with the Centre. The provincial resources, limited and inelastic as they are, are never sufficient to meet any reasonable standard of expenditure while the Centre has an undue share of these heads of revenue which are both productive and responsive to improvement in trade conditions. One may contrast

the expanding needs of the provinces with the stationary needs of the Centre, the provincial deficits with the Central surpluses. Under the existing system therefore the provinces are not sufficiently equipped with the means to finance their nation building activities. The possible demands on their purse are many but their resources are scanty and inelastic.

The plan suggested for the allocation of resources in the Joint Select Committee Report is a considerable advance on the existing system. It is calculated to correct some of its obvious inequalities. Thus the Federal Government, subject to the approval of the Governor-General, will allot to the federating units a share of the yield of the salt duty and the non-restrictive excises such as match, sugar, petrol and tobacco. At a time to be determined by the Governor-General in Council a specified percentage, not more than 50 per cent of the most important category of income taxation, namely, the taxation of personal incomes, will be assigned to the provinces. The Federation will retain the customs and the corporation taxes and it will be empowered to levy a surcharge on the taxes on incomes in times of financial stress and also a surcharge on Stamp Duties and Terminal Taxes which form part of provincial resources.

That the position of the provinces has improved admits of no doubt. In addition to what the Central Government has surrendered to them they will retain their existing sources of revenue. Moreover the deficits of provinces like North West Frontier, Sind, Bihar and Assam will be made up by federal subsidies and the peculiar problem of Bengal will be met by the provision that at least half the proceeds of the jute export duty will be assigned to the producing units. While a much needed elasticity is given to the provincial revenues the federal government will have to bear the brunt of the cost of the federation which is estimated at 1½ crores to say nothing of the subvention to deficit provinces which will have to be given even in the absence of a federation. There will be a strain on the finances at the Centre though the strain is not so great as it might appear at first sight as the assignment of the additional resources to the provinces depends upon the improvement in the financial situation at the Centre.

No plan for federal finance can be complete

without the inclusion of the Indian States. The Joint Select Committee therefore has on the assumption that they will join the federation made proposals to make them partners in federal revenues and sharers of federal responsibilities. But adjustment is not easy as there is no uniformity not only as between British India and the Indian States but also as between one State and another. The States vary infinitely in area, population and wealth. Nor do they stand in the same relation to the common overlord. The introduction of any scheme for federal finance is further complicated by the existence of contributions and immunities. Some of the States make contributions to central revenues in the shape of subsidies, salt duties, customs and revenue from ceded territories. Other States enjoy immunities and by Treaty Rights have or suffer to pay nothing to central heads of revenue such as custom, salt, posts and telegraphs.

Neither contributions nor immunities burden nor benefits are evenly distributed between the States themselves. The Joint Report suggests that the cash contributions which are estimated at one crore of rupees should be abolished but that they cannot be abolished by a uniform process, the position of each State requires separate treatment, the general rule being that contributions should be remitted in so far as they are in excess of the immunities. The States in general will surrender their claim to a share of the customs revenue but they will retain their income-tax. The States will be subject to the federal surcharges and ten years after the inauguration of the federation to the corporation tax. So but they will along with the provinces come in for a share of the federal excises. On balance it would appear that the financial

arrangements with the States is satisfactory. Each individual State may feel that their demands have not been fully met and that the immediate relief from Imperial burdens that is sought for is rendered conditional upon the full assignment to the Provinces of a share of the taxes on income.

The Joint Select Committee has achieved a considerable measure of success in re-allocating the distribution of the public revenues among the three participants in Federal India, the Central Government, the Provinces and the Indian States. The Central Government has surrendered a part of its productive and revenue to the federating units and has thereby exonerated itself from the attack levelled against it, namely that under the Chamberlain Reforms it monopolized a fertile source of income. The Provinces have gained real financial independence. They are now endowed with a payable resource to meet the growing needs and to finance the social services and nation building activities. Financially speaking each Province will be mistress in her own house. She will be as a body have gained much more than they have lost and the Minister of Finance has declared that the financial provisions are acceptable to them subject of course to reservations. Thus the fundamental principles of federal finance that each constituent part of the federation should have independent and elastic sources of income sufficient for its purpose have been incorporated in the plan propounded by the Joint Select Committee. It is a workmanlike solution. It may not be a well balanced or fully rounded scheme but as Lord Mills says true political wisdom lies in the direction of a tentative solution of the problems with provisions for a period of transition.

Mr C. F. Andrews the little watcher of India's weal in Britain as well as overseas strikes at the root of the whole problem of Anglo-Indian relationship in the following passage in his broadcast on Indian Reforms—

"I sometimes find that India's strongest objection to British rule is that we are always so horribly patronizing and are so certain that we are right and India is wrong. We have an incorrigible superiority complex. In all other matters we go by the formula trust the man on the spot but in Indian affairs we never trust Mahatma Gandhi, Dr. Ambedkar, Mr. Sastry and Mr. Jinnah but trust His Excellency the Governor etc. forgetting

that Governors after all are Englishmen living in Government Houses who cannot possibly get close to the people and know persons at first hand what they are really thinking but have learnt it through several intermediary channels.

It takes only a little sunshine to make you forget a whole winter.

It takes nine tailors to make a man and one dressmaker to break him.

Before you look for the next job be sure you are filling the one you have.

The clever man makes hay with the grass that grows under the other fellow's feet.

In Memoriam.

By The Editor.

We write to day to do honour to the memory of a great and distinguished fellow worker—the late Mr A Rangaswami Iyengar Editor of the *Hud*—who died on 7th February 1934. He was our friend, a college mate and a colleague in the Journalistic profession. To write of him is not only honourable but onerous. In placing on record the universal sense of loss—personal loss—felt by every one in the country, we are doing the right thing. There is a future for the country that knows its leaders and that honours them when they are called away.

To speak of our late friend Mr Rangaswami Iyengar is to narrate the recent history of India. So impressive, so faithful and so fruitful were his labours in behalf of India that it is hardly possible to single out a large public question of current interest to the solution of which he did not make a useful contribution. Whether it was the making of a constitution for India or the evolving of a financial scheme for the country, he had a useful role to play. But he was something more than a mere student of political institutions or financial topics. Great as he was in these departments of study, he was even greater as a moulder of public opinion. In his capacity as Editor of the *Hud*, he rendered services to the country which have justly earned for him a name and a fame. In the innumerable tributes paid to his memory in the public Press last year, will be seen the esteem in which he was held throughout the length and breadth of India and overseas in England, South Africa, the Malay States and Ceylon. Now what is it that endeared him even to those who had not seen him in flesh and blood? Surely there must have been something unique in the leadership of an invisible leader like that. We knew him personally and from the moment we saw him we began to like him. His very suppleness of mind made personal intercourse pleasant. His simplicity of manners, nimbleness of intellect and gentleness of behaviour invited friendship. There was besides in him an instructive free masonry that helped to make him appreciate the other side of a picture. That is the secret of his greatness on which one would like to dwell for a moment. For, it is that trait, in our opinion that made him great as a journalist, one who comments on the day's events either to focus or mould public opinion for the public

good. By reason of his exceptional intelligence and force of character, he was able to quickly discern the currents through which public opinion flowed. That is not all. Through his ability to give reasoned expression to the needs of the moment and through a certain instinctive realism, he remained—all unknown and unperceived—a real leader of public opinion in this country during one of its most important periods of history. The moral authority he wielded as Editor of the *Hud* was enormous. Unlike the famous Debate who for nearly forty years was the inspiring and guiding spirit of *The Times*, but wrote none of the articles that appeared in it, Mr Rangaswami was a great writer and a constructive critic of his times. His best leaders may possibly run into many volumes if some industrious assistant of his drew them up and put them together. Put their value as they appeared was great, for they made for public good guiding as they did public opinion into fruitful channels of activity. Though a working Journalist, he was a practical politician. That is a combination that is rarely successful, but in Mr Rangaswami Iyengar there was a harmonious blend of the idealist and the realist in politics that is worthy of note. He wrote as he spoke—straight, honest and honourable. There was neither pedantry nor camouflage in his writings. Their appeal was insistent. Even his opponents, keen witted and not disposed to easy surrender of their long-cherished views, recognized this merit in him and respected him for it. Whether it pleased others or not, he saw to it that what he wrote reflected public opinion as he perceived it and helped to carry forward the progressive elements in the country. It will suffice to say that he was the type of an Editor that any daily newspaper would like to have at its head in India to-day.

It is the memory of such a man we honour to day. Such a publicist and politician is born but once in several generations. His work has been testified to by many in this land and outside of it. To say that he was great in his calling or that he was personally beloved to every one of us is to utter a mere truism. To have done work in the highly contentious field of Indian politics for over thirty years and to be universally praised at the end of one's career is something of a phenomenon.

High School Education in Mysore.*

By D. Venkatramiah, BA., L.T

It is years since my connection with the Education Department either on its teaching or administrative side ceased but I have not altogether kept aloof from the educational world connected as I am however indirectly with all grades of education from the Primary to the University. One cannot but feel interested in matters relating to education since the call for solution of some of the fundamental questions bearing not merely on one grade of education but on the whole educational gamut has become insistent and compels attention even from those who are not active members of the service. Our educational system has been subjected to a withering criticism from both professional and non-professional men and this criticism has been gathering strength and volume recently. Allowing for a certain amount of exaggeration and often of ill directed attacks we must admit that the system which fulfilled its object fairly satisfactorily all these years is breaking down with the advent of new factors social, political and economic. One finds the dissatisfaction against the present day education expressed in strong terms both by the educator and the Statesman in Convocation Addresses, public speeches, newspaper articles. The feeling is strong that something is wrong somewhere or everywhere.

It is at critical periods like this that the deliberations of a League like yours will be of utmost value. The Mysore State Education League has I think a grave responsibility particularly at this juncture when a new orientation of aims and objects of Secondary Education has become an imperative need. I must congratulate the League for its unbroken labours for the past nine years and for the appreciation of its work by the Education Department. From the latest administration Report I find that there is an enrolment of 7,000 boys and about 500 girls in High Schools and if Middle Schools are classed as Junior High Schools which classification is tacitly admitted since the League has brought them also under its wing the figures swell up to nearly 10,000. To cater to the educational needs of such large number is a stupendous task and unless the scheme of Education meant for this class of students is well devised

and systematically carried out the waste both in men and money would be fearful.

To take first the manner in which the different stages of education upto the University are related it is evident that the present grading is not quite satisfactory. Four years of Primary Education even when the course is completed can barely ensure literacy and the Middle School where also four years are spent is I think the weakest link in the chain. With its poor equipment, crowded classes, insanitary buildings and the staff with less than average qualifications the material that it prepared for the High School must inevitably be raw and unfit. The line of demarcation between these stages has to be more carefully drawn. One suggestion is that the Primary should extend over a period of six years, the Middle three and the High School three. I would rather suggest that a boy stepped one year longer in a High School than in a lower grade school so that the different stages may extend over five, three and four years. A better grounding could be had if the High School course were lengthened by a year either for admission to the Colleges or for entry into life.

The purpose of High School education has shifted its ground. The aim of such education was hitherto to prepare boys to the University and so long as that object was fulfilled no need for change was felt. Boys went up automatically to colleges and every High School had the same objective. All roads led to Rome. But now either the colleges are incapable of finding room for all or a good number of those that seek entry thereto are not in a position to profit by the higher teaching. Very rightly the Bombay quarterly annual report states that with every increase in the numbers of those taking secondary education there is a fall in the standard of efficiency, owing chiefly to the fact that lower and lower strata are being tapped and the majority of those who pass the School Leaving Examination are altogether unfit for higher studies. A readjustment in the curriculum comes therefore an absolute necessity nor can it be seriously disputed that there has been a falling off in the attainments of the School Leaving Certificate holders. The reasons are not far to seek. One is the lower standard of examination as compared with

* Address delivered at the Conference of the Mysore State Education League on 4th January 1935

the old Metric and the other is the inflated classes where with the best will in the world the teacher is obliged to lecture to the group as a whole—a method of teaching ill suited even for the students of the Intermediate Colleges. To mention one effect of such overburdened class room the task of correcting composition exercises as at present demanded in our High Schools is well nigh impossible to accomplish and under departmental pressure it becomes a drudgery neither profitable to the student nor satisfying to the conscientious teacher. Added to these defects we have other factors still further complicating the problem of higher secondary education. Whatever changes may be wrought in the subjects of study it is not to be forgotten that the High Schools are a training ground for the University. For years to come the majority of the successful S.S.I.C.'s proceed straight to the Colleges and unless a better class of High School students is produced the wastage in the University cannot be checked. The High School is not an isolated entity it draws its material from the Middle School and prepares its *alumni* either to the University or to different walks of life. Hence the need for properly linking up the several grades of education. Again the question of unemployment is weighing heavily upon the minds of the parents and young men after they finish their High School or College Education are faced with a situation most unpromising and dreary and naturally longing eyes are cast upon schools and colleges for a solution. One way out of the present impasse seems to lie in the provision of Vocational Instruction both at the post middle and post high school stages. It is expected that the diversion of the adolescents to studies in practical arts will on the one hand prevent the less literary minded from a profitless pursuit of University education and on the other enable them to turn their hands to some useful occupation. While I concede that the institution of parallel vocational courses is a necessity I am not quite sure if the problem of unemployment will be completely solved thereby. The question is not so easy as many think. It is forgotten that opportunities for utilitarian services are extremely limited and the competition which will result in all its acuteness when our vocationally trained young men enter into the lists with the existing artisans may aggravate the economic struggle. We have therefore to plan our vocational courses with circumspection. Experiments in this direction which

have borne fruit in foreign countries if imported wholesale may not prove useful to us. The curriculum that works effectively in England or America may not succeed in India with her differing social and economic conditions. Mere imitation will land us in awkward situations. I may mention here our failure to assimilate two of the somewhat costly Western novelties that we imported into our midst some years ago the Kindergarten and the Slodd. The former is no doubt alive but in a most attenuated form and the latter has wholly disappeared. My point is that no care is too great in devising the new courses which we are contemplating. The observation of the Calcutta University Commission in this behalf seems very apt. This is what is said about Vocational Education—'In this sphere even more than in others it is training above all which is needed and training is costly and demands elaborate equipment in nearly all vocational subjects. Unfortunate results may follow and the whole movement towards practical careers suffer a check if men are turned out in large numbers with an equipment of a kind for which there is very little demand.' One is bewildered by the variety of suggestions offered both from the press and the platform for combating the economic evils from which the country is suffering. Perhaps the only solution in the existing political condition of India seems to be in adopting the line of action which Mahatma Gandhi is organizing. The Village Reconstruction Scheme if wisely planned will absorb the youthful talent of the country to a great extent and in addition to giving useful occupation to those who are now drifting aimlessly will in the course of a decade or two transform our countryside bringing light and prosperity to the village folk. This is however a problem for the Government to tackle.

There are certain other questions which need our attention in so far as the High School curriculum is concerned and I should like to place my views on them before thus gathering. They are offered by way of suggestions only and as such are very brief. The place of the vernacular is one such. There are two connected questions here—Vernacular as the medium of instruction and Vernacular as a second language. A strong case has been made out in favour of the vernacularization of studies in High Schools and already certain subjects as History, Geography, Civics and Elementary Mathematics are taught in several High Schools through the vernacular medium.

and if this experiment should succeed the plan is to extend the principle to other non-English subjects. I would wholeheartedly support the cause of the vernacular as the channel of instruction provided we come to terms with the University, for I believe that unless some of the College subjects are taught in the vernacular of the student he will be placed under a severe handicap for his choice in the vernacular alternative in preference to the English in the High School. I have heard it stated that students who learnt through the vernacular have done as well as if not better than the English group. I would only say that the quantum of statistics before us is too meagre to warrant any indubitable conclusion.

The place of the vernacular as a second language is well assured and one is glad that it has gained its lost ground in the University also. Thanks to the patriotic efforts of scholars who have been so assiduous in resuscitating the study of Kannada language and literature. Another vernacular whose claims have to be recognized if only on National ground is Hindi and it is already receiving due attention as it finds a place in the group of additional subjects of the High School course. Now what about Sanskrit? It is unfortunate that differing views should exist as to its place in the scheme of studies—High School or College and its value as a potent vehicle of knowledge and culture. It is a truism to say that Sanskrit is the key to the rich stores of ancient learning and it would be the most shortsighted policy to restrict opportunities of learning that language. Not merely the Indian Vernaculars but the world of thought in general would receive enrichment if a closer alliance with Sanskrit is established. When its worth is recognized in the Universities of both Europe and America is it not ironical that its claims should be questioned by our own men? I trust that the Education League will discountenance any attempt present or prospective to assail the position of Sanskrit in the scheme of studies.

Another thorny question which as yet has not been faced boldly is whether religious instruction should find a place on the timetable of High Schools. I am in substantial agreement with those who believe that Education without religion is sterile and truncated. It is a fundamental maxim that any Education worth the name must cultivate the education of the whole man and I ask if we are not starving one side and that a very important side of human nature by excluding

religious teaching from our schools? We have already paid a heavy penalty for this neglect. The supreme indifference if not open animism towards the higher spiritual values the dominant trait in the majority of us has a nonchalant attitude is most marked among the Hindus. Added to this we have interminable controversies over non-essential with the result that we have discarded the instrument of the highest value for moulding the character of the youth. If this vacancy of religious instruction let me not be understood as pleading for an indoctrination in narrow theological tenets. All that I desire is that they should get an insight into great spiritual heritage of our land. The policy of religious neutrality followed in our State is but a reflex of the policy of the Government of India and now men in responsible positions are finding that that policy is detrimental to the best interests of the country. K. V. Reddi in his Address at the Convention of the Andhra University referring to this topic deplored the omission of religious instruction from our Schools and Colleges and hoped that his appeal for its inclusion will not fall on deaf ears. The net result of the exclusion of religious instruction from the Education System he said, is that we Hindus have at present no religion worth mentioning. Religion as an inspiring humble and purifying faith founded on the verities of life and satisfying its nobler cravings is to-day unknown in our country in practice. Religion with us has ceased to be a living force. And yet India has always been regarded as the land of religions—the birthplace of two of the greatest religions of the world. Gentlemen I comment this part of his speech for your serious consideration. In this brief sketch of some of the present-day problems of Higher Secondary Education I have indicated wherein the system is deficient and what measures are urgently needed to place this grade of Education on a satisfactory basis. But anything like an exhaustive survey is impossible in a short address nor is it I think necessary. Educational thought is progressive and the term Education goes on changing its connotation with the changing environment. We have, however, arrived at a stage when a reform both in content and method seems inevitable. There is a strong move towards what is known as New Education all the world over and unless our machinery which is out of gear is overhauled we will be ruining the cause of true Education.

Economics in the West.

Ownership and Control of Empire Central Banks

London 31st December 1934—It would seem that in some respects the new central banks of New Zealand, Canada and India have been modelled on a common plan. Particularly is this so in respect of the provision of share capital and the apportionment of control as between the various parties most closely concerned. Some differences are apparent but these are so slight as to heighten the similarity rather than to disclose any vital divergences of principle. As a reminder the Reserve Bank of New Zealand started business on August 1st this year the Bank of Canada has been provided with the required capital and is expected to open early next year while it is believed the Reserve Bank of India will raise capital and begin operations in the latter part of 1935.

We may begin our study of the legislative provisions regarding proprietorship and control by considering the regulations as to ownership of shares and the accompanying voting rights. The capital of New Zealand's central bank has already been taken up by public subscription in shares of £100 (NZ) each; similarly the \$50 shares of the Bank of Canada have been publicly issued. Both are fully paid. As for the Indian Reserve Bank the capital is to be offered to the public, and takes the form of shares of 100 rupees each. The law requires in each of the three countries that shareholders of the respective banks must be domiciled there so that ultimate control of each is strictly confined within the borders of its own country. Further subject to minor qualifications shares can be held only in British hands. In New Zealand and Canada a limit is imposed on the size of individual holdings—five hundred shares in New Zealand and fifty in Canada—while in India the allotment of shares is prescribed on a regional basis with a view to distributing the shares and voting rights attached to them as widely as possible. In respect of voting rights at meetings of shareholders further provisions are designed to secure the banks against the possibility of concentration of control in the hands of any one shareholder or any small group of them. No shareholder of the Bank of Canada may exercise votes for more than fifty shares while in India the maximum is ten votes on the basis of one for every five shares. The maximum for New Zealand is much higher at five hundred votes.

In general then the arrangements thus outlined are evidently designed to achieve the widest possible numerical distribution within strictly national limits of capital and ultimate control further to emphasize the special position of central banks the permitted rates of dividend are defined in strict terms. In this respect the plans follow a universally accepted principle—that central banks should not be unduly concerned with the earning of profits for distribution to their proprietors.

MANAGEMENT AND DIRECTION

Whatever may be said regarding ultimate control by shareholders it is evident that the main responsibility for the conduct of the central banks lies with their directors and executive officers. Every modern central bank law therefore lays down carefully elaborated rules regarding the appointment, duties and conduct of the board and the principal officials.

Dealing first with the executive officers of the new banks the Governors and their Deputies are appointed by or with the approval of the Governors General of the three countries for periods of five or seven years. All are whole time officials while the New Zealand law provides that they must be possessed of actual banking experience and the Canadian that they must be men of proven financial experience. The Canadian law moreover is careful to lay down far more detailed qualifications for the Governor and Deputy Governor—they must be British subjects not more than 75 years old not members of the Central or any provincial legislature not government employees nor associated as director or employee or even shareholder with any other financial institution. Evidently much more than the technical efficiency of the banks is dependent upon a wise choice of incumbents of these offices for even within the limits of the laws there is wide scope for evolving policies appropriate to the needs of the different countries. Appointments have now been made to these key positions in all three banks—the Governor of the Reserve Bank of New Zealand is a former Bank of England official and the Deputy Governor previously held a high position in New Zealand banking the Governor

of the Bank of Canada is a Canadian banker and his deputy a former Bank of England official and the Governor of the Imperial Bank of India has already been appointed to the Governorship of the coming Reserve Bank, his two assistants being Government officials of Indian and European nationality.

The Governor of each Bank and his deputies are members of their respective boards of directors but whereas they are vested by law with presidential capacity in India and New Zealand in Canada the board is free to elect its own chairman. The composition and method of election of the boards show differences in detail. Thus in Canada where the choice of directors is restricted in a manner similar to that of the executive officials the board is to consist besides the Governor and Deputy Governor of seven directors elected by the shareholders from diversified occupations excluding banking with the addition of the Deputy Minister of Finance who however, will not have the right to vote. A provision special to the Canadian Bank is that no decision of the board is effective without the concurrence of the Governor or in his absence his deputy—an autocratic arrangement which seems strangely in conflict with the general spirit of the law. In New Zealand the Secretary to the Treasury is a member of the board without voting rights the other directors being divided into two classes three state directors are appointed by the Governor General and four shareholders directors elected by owners of the capital. Not more than one of these last may be a director of another bank in New Zealand and grounds of disqualification are prescribed similar to those of Canada. The arrangements regarding the Indian Reserve Bank are more complex as befits a far larger area of operation. The central board is to consist of the Governor and his two deputies four directors nominated by the Governor General eight elected by the shareholders and one Government official but in addition five local boards are to be established, each consisting of five members elected by the shareholders on the local register and up to three appointed by the central board from the local shareholders. With limited exceptions the members of central and local boards may not be government officials or officers or directors of other banks. In India then an effort is made to secure a due balance between the varying interest of different parts of the country, and in all three banks diversity of economic representation will also be attempted.

RELATIONS WITH THE GOVERNMENT

Following the usual practice embodied in central banking laws these three new banks are evidently designed to perform all the banking services required by their respective governments. We have seen that the laws contain strong safeguards in accordance with orthodox theory in this matter against the placing of undue weight in the operation of the banks to the requirements of government finances. The arrangements regarding board representation, executive appointments and voting powers on the boards are all designed in part to this end. These provisions—along with those for the furnishing of capital—are in marked contrast to those which apply for example to the Commonwealth Bank of Australia which is a government owned bank. Its entire board is officially appointed. The difference arises from the origins of the banks for whereas the three new institutions are founded specifically as central banks the Commonwealth Bank became a true central bank only a number of years after establishment.

Again in fulfilment of orthodox opinion the laws specifically governing the new banks lay down regulations regarding accommodation to public authorities. In New Zealand such accommodation is limited in amount to one half of the year's actual or estimated revenue of the Government or one quarter that of other authorities. Similar limitations apply to the Bank of Canada while the law prescribes in addition short periods of payment. Incidentally all three banks are empowered to invest in British Treasury bills while the Bank of Canada may also take up Treasury bills or other short term securities of the French or United States Government. The general tenor of all three laws to ensure on the one hand the rendering of the banks of the fullest legitimate service to their governments and to afford on the other hand the maximum protection possible by law against improper pressure from governments which might be tempted to abuse the great powers vested in amply equipped and technically efficient central banks.

RELATIONS WITH COMMERCIAL BANKS

It is obvious that no central bank in a country even moderately advanced in monetary organization can fulfil its functions unless it acts as a main depository of the cash reserves of the commercial banks. Modern central banking laws have accordingly cut short the long and difficult process and evolution by

prescribing that commercial banks shall maintain with the central banks reserves bearing minimum proportionate relationships with their deposit liabilities to the public. This is the method adopted in all the three countries here considered, and there is no necessity to give details beyond remarking that the percentages vary from two to seven as between the different countries and the different classes of deposit and that whereas in New Zealand and India a distinction is recognized between 'time and demand' liabilities, in Canada this somewhat arbitrary division is ignored.

A striking feature of the laws governing the new central banks lies in the effort to divorce them as completely as possible from commercial bank influence notwithstanding that the commercial banks are to furnish a large part if not the bulk of their resources. We have seen how carefully the boards are safeguarded from commercial bank influence but have not mentioned special provisions to guard against secondary control through shareholdings. The Canadian law goes farthest in this matter, for it prohibits the holding of shares by or for the benefit of any chartered bank or any of their officials or employees. In India and New Zealand while there is no provision of this sort the limitations on the size of individual shareholdings and on voting powers afford similar protection. This is in marked contrast to the fashion among central banks inspired by the Federal Reserve system of the United States in the early post-war years. Thus the South African banks were actually required like the member banks of the United States to take up shares in the Reserve Bank of South Africa established in 1920 and enjoy some though limited voting rights attaching to the shares. In brief the relationships between the new reserve banks and the commercial banks are confined, broadly speaking to the maintenance of reserves, the regulation of discount and exchange rates and the provision of facilities of rediscount. The commercial banks are to have no part or lot in the direct determination of central bank policy or management, and correspondingly no share in the responsibility for deciding the larger issues of monetary affairs.

RELATIONS WITH THE PUBLIC

All three of the banks we are discussing are to be pure central banks, in the sense that no business will be done directly with members of the public. Business transactions will take place solely with the governments and

commercial banks and with such undertakings as must be dealt with in the course of carrying out an 'open market policy'. In the days however when some effort is made to secure the benefits of enlightened public opinion and when institutions like the Post Office find it desirable to appoint a 'public relations officer', some provision for supplying the public with information as to the operations of central banks is clearly desirable. In this respect the three new laws are designed to carry the banks some small part of the way towards meeting modern demands. Each central bank is required to prepare and publish in prescribed and detailed form a weekly statement of condition, but the New Zealand and Canadian Banks are required in addition to lay before Parliament copies of their annual accounts. No provisions are laid down as to the publication of annual reports or other data but presumably, like Canada and New Zealand at least, these will follow from the requirements regarding annual accounts.

In surveying all these detailed provisions applying to important parts of the Empire comparison is natural with the structure and operation of the 'mother of central banks' the Bank of England. In one vital respect an attempt is made in all three countries to achieve by legislation what in England has been arrived at by accident of formation followed by long evolution. The outcome of this process is a position of independence, on the one hand, of undue government pressure and on the other, of commercial banking influence. More accurately speaking, it has attained a position of indeterminate control, which cannot be defined in simple terms. Such whatever may be said for or against it—is the position of the Bank of England. Such also is intended to be the position of its youthful confederates in outlying parts of the Empire. It must remain true nevertheless that the course of practical affairs often plays a larger part in determining relative weight of influence than the most elaborate and detailed legislation.

The Home Office of Japan estimates the damage to property as a result of the recent typhoon, as follows: Industrials, involving 1300 factories, 140,000,000 yen. Military establishments 8,000,000 yen, education institutions 7,000,000 yen and agriculture and forestry about 140,000,000 yen, indirect industrial losses, owing to the suspension of manufacturing in a number of plants, are expected to far exceed direct damages.

Canadian Trade and Finance.

Prices of Canadian Bonds

Montreal, December 7, 1934—Between April 1933 and December 1931 the yield on short-term Dominion of Canada securities fell from $4\frac{1}{2}$ per cent to less than 2 per cent. Canada is participating in a world-wide movement which has brought down the yield on short-term maturities to record levels. As long as the investor could secure a large yield on high-grade bonds there was little inducement for him to interest himself in new investment. Within the period just mentioned the price of Dominion of Canada 4 $\frac{1}{2}$ of 1939 increased from 99 to 108, a rise in market value of twenty per cent and current yield on this investment is correspondingly lower. The impetus of this upward movement has spread into municipal and industrial. In a number of instances second-grade bonds have gone more than 50 per cent and the prices of all good bonds have advanced substantially. This upward movement begets a tremendous change in financial confidence. It has brought extraordinary profit or improvement in position to bondholders and of itself it has created conditions which may be said to be favorable to new investment and industrial expansion.

Whereas there was wide divergence of opinion as to which of other governmental policies might be best calculated to speed recovery, there seems to have been general agreement throughout the world that a monetary policy designed to produce low interest rates would be constructive. The policy of the Federal Reserve System in the United States and of the Bank of England in Great Britain has been directed toward maintaining an easy money market, with a view to the encouragement of long-term investments. The first consequence in both countries has been exceptionally low rates in the short-term market. In the United States the cash rate in New York has been below one per cent and the return on Treasury bills as low as a small fraction of one per cent. Although the monetary policy of Great Britain has not been so drastic as that of the United States it has proved more effective in its influence on the long-term market, particularly that for industrial bonds. The price of British Consols rose from 53 in December 1931 to 91 $\frac{1}{2}$ in November 1934. If one considers the effect of this tremendous change in value of government securities upon the attitude of the investors of Great Britain it is not surprising that confidence has been restored and business improved to a point where it includes a building programme which

is practically assumed boom proportions. Similar monetary policies have been followed in all the countries which have come to be considered a bloc owing to the sterling bloc. No accident that it is in some of these, and no including Great Britain that the total volume of production is above the level attained in 1929. In recent letters we have pointed out reasons why a like monetary policy as yet proved relatively less effective in the United States.

The table below indicates that the downward lower interest rate is a general phenomenon throughout the world. In this table are given the yields on some of the better known bonds of each country for February 1932 and for the most recent month available in the tables of statistics published by the League of Nations. No country has escaped France and Switzerland countries which are only now feeling the full effect of the depression. The yield as high as it was in 1932. With bond yields averaging 11 to 2 per cent lower than the earlier date it can be said that the rise in bond value throughout the world has been tremendous proportion.

YIELD ON INTERNATIONALLY KNOWN SECURITIES

Country	Security	Interest Rate	
		Feb 1932	Most recent month 1934
Union of South Africa	6% Inscribed	3.65	Oct 3.35
Germany	6% Mort Bonds	3.45	Oct 6.50
Austria	5% Pegged	6.03	Oct 3.50
Austria	5% Mort Bonds	6.27	Oct 6.94
Belgium	3% Rente	4.41	Sept 4.01
Egypt	4% Unit ed	4.77	Oct 3.50
France	3% Rente	3.81	Oct 4.13
India	3 1/2% Govt Stock	3.50	Oct 3.63
Italy	3 1/2% Rente	4.50	Sept 4.00
Japan	Average yield of Pub. Bonds	5.99	Apr 4.29
Poland	6% Dollar Loan 1919	10.70	Oct 8.10
Sweden	Average of Government Bonds	4.40	Sept 3.40
Switzerland	Fed Railway 3 1/2%	3.50	Sept 4.01
Czechoslovakia	Govt Bonds	6.35	Sept 5.99
Canada	Prov of Ontario 4 1/2%	5.00	Sept 3.93
United States	Treasury Bonds	4.11	Sept 3.20
United Kingdom	Consols 2 1/2%	4.24	Oct 3.03

CANADIAN TRADE WITH COLOMBIA

In the past twelve months Canadian imports from Colombia amounted to \$5,700,000 and exports to that country in the same period were valued at \$6,210,000. The disproportion between the value of imports and exports has led Colombians to hold the Canadian market in particularly high regard. In point of fact Canada ranks second only to the United States as a importer of Colombian products, and our imports in the past twelve months showed again of 125 percent over those of the previous year. The recent upward trend in Canadian foreign trade has thus stimulated wide spread interest among Colombians regarding the future potentialities of the Canadian market.

In a world where foreign trade is subject to narrow quantitative restrictions in practically every country the maintenance of a market which applies no such restrictions becomes doubly important. Recognizing these facts Colombians are beginning to question the wisdom of maintaining a large volume of imports from countries which import little from them. The Colombian Government has denounced a number of existing treaties and is prepared to make notable concessions to those countries which have been heavy purchasers of Colombian products.

From the Canadian point of view the present disproportionate trade relationship offers a great opportunity for the development of exports. Although our shipments to Colombia are so much smaller than our imports they have increased by approximately 17 per cent during the past year. Detailed statistics of the 1931 exports to Colombia are not yet available and the following analysis of the market is based on the 1931 figures. Trade in that year was on a relatively normal basis and Canada's share of total Colombian imports was the largest ever attained.

The principal item in the exports during 1931 was wheat and Colombian purchases of Canadian wheat were double those from any other country. A high protective tariff on foodstuffs during recent years has encouraged the local production of wheat, rice and other grains and imports have been reduced. Practically all wheat growing however is concentrated in the central plateau, the district surrounding Bogota. Since climatic conditions in the low lying coastal zones will not permit wheat production and the lack of adequate transportation facilities is a check upon the distribution of wheat from the highlands it is probable that the high tariff will not prevent the importation of increasing quantities of

Canadian wheat. In fact, the tariff and resultant high prices may improve Canada's position by necessitating the selective purchasing of wheat of high quality.

Rubber products, principally rubber tires, were the second largest group of exports to Colombia in 1931, and automobiles were also an important item. A country's imports of automobiles and tires depend largely upon the number and type of roads available for automobile transportation. Due to the mountainous nature of the country the development of highways in Colombia has not been rapid. As a result of public works programmes, however, the extension of the road system has shown definite progress in recent years and in addition to local roads an international highway now permits through motor traffic from Quito Ecuador, to Caracas Venezuela and Bogota.

Other Canadian exports to Colombia the value of each of which amounted to \$20,000 or more in 1931 included condensed and evaporated milk, cordage and rope, newsprint, machinery, iron and steel and aluminium products and chemicals. Fairly large shipments were also made of canned salmon, cotton products, books and printed matter, brass manufactures and cement. The number and variety of Canadian exports to Colombia in the past and the recent increases offer encouraging evidence of the potentialities of the market. Canadian products are already known and liked in Colombia and the extension of this trade will depend mainly upon the maintenance of economic improvement in the two countries.

The general situation in Colombia showed substantial gain during the first nine months of 1934 and although the rate of improvement has slackened present conditions are above those of the previous year. Business confidence has been restored by the settlement of the international dispute over Ejeve construction activity has been at high level and factories manufacturing consumer goods have been operating at capacity. The volume of output and exports of coffee, bananas, platinum and petroleum have shown noteworthy increases and gold mining has again become an important factor in the national economy. The Banco de la Republica purchases all gold produced at prices regulated by the foreign exchange value of the Colombian peso which has recently shown considerable appreciation. Foreign exchange transactions are still under the jurisdiction of an Exchange Control Board.

Economic Notes.

The Malthus Anniversary.

On the 29th December 1834 died the Reverend Thomas Robert Malthus the author of the famous theory of population. Since that date till to day the population of the world has been increasing at an enormous rate it threatens to become so formidable a block in the way of social progress that scientists and statesmen are constantly engaged in the solution of the problem that threatens to assume dangerous dimensions very soon. The centenary of the death of Malthus is worthy of celebration if only for the fact that our eyes were opened to the existence of a volcano under our very feet and which will burst out in all its fury if we do not move to escape from it.

The theory of population as enunciated by Malthus has been criticized by academic economists it has failed to take into account the capacity for the means of production to increase. The means of production have increased the population has increased still further. Medical science has helped the population to increase because many have been saved from death by the remarkable discoveries in the fields of medicine surgery and public health. If the modern civilized man does not want that the old inhuman methods of plague pestilence and famine should be allowed to work havoc then he must be prepared for an even more increase in the world's population and the means of subsistence as it has been amply proved during the last fifty years cannot and do not multiply with the rapidity with which people multiply. Therefore it is clear that the population problem stares us in the face and challenges us to solve it or to be damned.

Neo Malthusianism which is the name that has now been given to the movement for birth control and birth selection owes its inception to Francis Galton. If Malthus laid the foundation stone of the problem Galton built the superstructure. Eugenics teach us the methods by which we can combat the evil presented in such unmistakable terms by Malthus. Malthus and Galton are the founders of a school of social philosophy that bids fair to beat in its stress and its importance every other.

On the 29th December 1934—the centenary of Malthus' death—the Indian Economic Association, meeting in their annual conference at Patna, observed the day and decided to

start an Institute of Population Research in India. No greater tribute can be paid to the memory of Malthus and we hope that the Institute will contribute its due share to the prosperity and happiness of our land. Non-economic issues have been raised to minimize the magnitude of the population problem in India. With a population of 350 millions, which threatens to become 400 overnight, his must be a stony heart that remains unmoved at the misery and poverty that this increase in numbers will undoubtedly bring.

ECONOMIC OPINION IN INDIA

It is a truism that no democratic form of government can hope to do any good without a well informed public opinion behind it. Thus public opinion must suggest and even guide if necessary, ways and means of improvement to the administrators. The need for the formation of public opinion cannot be overemphasized. It was in the fitness of things that Professor C. N. Vakil devoted the major portion of his Presidential Address to the need and method of the formation of economic opinion in India. After a rapid survey of changing events in the economic sphere of the world the learned Professor went on to say:

Whether it is Capitalism or Socialism that ultimately succeeds whether it is Imperialism or Nationalism that holds the field the fact is obvious that no country is now allowing its economic life to drift and that every country is anxiously planning economic measures with a view to its prosperity and progress. Though the degree and nature of planning differ according to the motives with which it is undertaken the fact remains that we have now an undisputed expansion of the functions of the State in economic matters and the tendency towards this expansion may further increase in course of time. It is inevitable therefore that the economic policy and the economic growth of a country will in the future be shaped to an ever increasing degree by the State. In the case of a country where the State is responsible to the people of the country or makes an effort to represent the national will there will not be that clash between economic policy and opinion which may be noticed in a country like ours. At this juncture therefore the formation of a right economic opinion for an economic policy in general as well as for the solution of various problems in detail is a most urgent need. With the planning of economic measures the planning and organization of economic opinion must precede and be concurrent. A critical and scientific study of plans and measures public and private, helped by informed and free discussion by disinterested persons with a view to forming the right economic opinion in the interests of the country will be a national service of the greatest importance. It is in order to emphasize the need for

were much higher than in the preceding two years. The price of Indian securities also registered considerable improvement during 1933-34. The 34 per cent Government paper was on a distinctly higher level in 1933-34 as compared with 1932-33. Prices of non-speculative industrial securities rose during the year and the index number of prices of speculative securities recorded a rise of 34 points in March 1934 over the figure of the corresponding month of 1933. It would appear that confidence was steadily, though slowly returning to the stock markets. The general conclusion therefore, would appear to be that on the whole conditions during the year were distinctly better than they had been in 1932-33 except in the case of agriculture where the position remained more or less unchanged.

THE RAILWAY PROSPERITY

Commerce (Calcutta) writes of the prosperity of Indian railways and gives the relevant facts and figures. The following is the extract from that journal —

Railways continue to prosper. Out of the anticipated increase in the last Railway Budget of about Rs 250 lakhs in the railways earnings for the whole fiscal year April 1 1934 to March 31, 1935 an actual increase of Rs 241 lakhs has already taken place in the first half of that period that is from April 1 to September 30 while in the first thirteen days of October the earnings were Rs 31 lakhs upon those of the corresponding period of last year and in the week ended October 20 they were Rs 14 lakhs upon the receipts of the equivalent week of last year. The nett result is an improvement in 28 weeks of over Rs 20 lakhs on the increase expected in a whole year of 52 weeks. The high season for traffic in paddy and other crops has yet to come so that it is not unreasonable to hope for an increase of Rs 5 crores in the whole year. This will not restore the railways to the position of what is still called a normal year but it is most encouraging both to the authorities and to all who have yearned for an improvement in India's general trade.

Railways	1933	1934	Percent- age of Increase
	Rs Lakhs	Rs Lakhs	
Assam Bengal	73	89	+ 21.99
Bengal Nagpur	340	387	+ 13.82
B. E. & C. I.	490	515	+ 5.10
Burma	161	177	+ 9.94
East Bengal	235	243	+ 3.49
East Indian	81	89	+ 7.46
G. I. P.	546	580	+ 6.25
M. & S. M.	32	358	+ 11.25
North Western	645	689	+ 6.82
South Indian	263	272	+ 3.42
Tirhoot Lucknow and Baradly	89	91	+ 2.23
Others	19	21	+ 10.53
Total	4050	4291	+ 5.95

The above table compares the various railways gross earnings for the two half years under review.

The receipts from passenger traffic are still strangely sluggish and the improvement in gross earnings is almost entirely due to the increase of goods carried. There was an increase of about 13 per cent in the total number of wagons loaded during the six months. Coal and coke loadings were up by 10.6 per cent, grains and pulses by 15.0 per cent and cotton by 14.6 per cent.

RICE PRODUCTION AND TRADE IN THE MADRAS PRESIDENCY

Mr C. R. Srinivasan's detailed study of the production of and trade in rice in Madras Presidency is able and illuminating. He suggests many improvements to improve the position of rice in that province. Here are some of the directions in which improvements may be made.

- (i) Prohibition of the import of foreign rice and paddy or the imposition of a duty on such imports.
- (ii) Reducing the railway freights to the minimum for transporting rice and paddy from all the producing centres in the Province to the different consuming centres and retaining the maximum freight rates for transport of foreign imports arriving in the ports to inland centres.
- (iii) Forming associations of millers and merchants and using such associations to fix grades of produce to control adulteration, and to introduce the system of purchase and sale by a standard unit of weight.
- (iv) Publishing regularly in the vernacular dailies of the Province the market rates for rice and paddy at all the important centres of the Province.

(v) Organization of co-operative purchase and sale societies with warehousing arrangements to help the small cultivators.

(vi) Hastening the spread of improved strains in all the rice tracts and intensifying the propaganda about better cultivation and manuring of the fields so that the acre yields will be improved and the cost of production proportionately reduced.

Perhaps the most important things which a child can receive at school are a healthy habit and understanding of a 'healthy conscience', a clean body, sound nutrition and physical exercise.—Sir George Newman

Diary of an Economist.

The *Westminster Bank Review* for December 1931 leads off with an interesting article on the 'Spread of Industrialism' which deserves to be noticed by me. I propose to indicate its main features here.

It is well recognized that the difficulties confronting British industries in recent years have been aggravated by the spread of industrialism in other countries. Throughout the post war years various motives including the desire to achieve national self-sufficiency have combined to cause a very considerable expansion of secondary industry in countries which were formerly almost exclusively primary producers. The basis of this expansion was in part economic since a broadening of the foundations of the national economic organization should contribute to greater stability in national prosperity. In some cases considerations of defence and of the desirability of fostering domestic industries which would make for greater independence of overseas trade in times of war pointed in the same direction. More important than either of these, however, was the question of prestige. Rightly or wrongly nations whose role in world economic organization in the nineteenth century and up to the outbreak of the Great War had been that of primary producers supplying the great industrialized populations of Europe and to a lesser extent that of the United States with food and raw materials in exchange for manufactured products and for capital equipment began to feel that role an undignified one. They became averse from continuing as hewers of wood and drawers of water for the Western nations and they sought a way out of that position in stimulating the growth of their own manufacturing industries.

The advance of secondary industry in the primary producing regions was obviously a menace to the exports of the already highly industrialized nations whose manufacturing organization was based on a large export trade. In some cases the competition caused by the spread of industrialism has gone further and the industrialists of Great Britain and of other European countries have had to face new competition from these areas not only in neutral countries but in their own domestic markets. Broadly speaking however the new manufacturing industries abroad which have advanced so rapidly in the past two decades have not yet progressed beyond the

stage where their home markets can absorb all their output. The chief exception to this statement is provided by Japan and Japanese competition has been felt in neutral markets more than as an encroachment on European markets.

It has been Great Britain that has particularly suffered from the development of secondary industry in the Far East and South America and in the Overseas Dominions of the British Empire. Though this development is essentially a natural one granted the three sources of its inspiration—desire for economic self-sufficiency, defence and prestige—it was greatly fostered by conditions during the War. From 1914 to 1918 it was difficult for overseas nations to obtain supplies from Britain because British industry was concentrated on meeting Governmental needs and because of the difficulties and dangers of ocean transport, and an opening for the creation of local manufacturing industries was automatically created. After the War when British industry had to readjust itself to peace time conditions it found that its predominance in the overseas markets could never be entirely regained. With the collapse of the prices of primary products competition with domestic secondary industry in such areas was intensified and British exports decreased still further. In the past two years the partial economic recovery in primary products has ameliorated the position. This improvement however cannot hide the fact that our former pre-eminence can never be regained and for a nation so dependent on Britain on imports of foodstuffs and raw materials and therefore dependent on her export to pay for the imports this fact is of extreme significance. The development of industry overseas has naturally been of serious consequence also to British shipping. Every reduction in British exports has meant reduced outward cargoes and indirectly reduced inward cargoes constituting a contributory cause of the present parlous position of both liner and tramp ship owners.

The extent of the spread of industrialism is best seen in the figures for some of the countries which have been notably progressive in developing their secondary industries. Australia has been especially prominent in this respect. The estimated value of Australia's production of manufactures in 1931-32 was

increased last year by the rise in the price of her principal product gold in terms of sterling

A majority of British exporting industries have had increasingly to contend with competition from domestic producers. In some cases the effect of this competition has been merely to limit natural expansion as for example in rayon or electrical appliances but as the decline in total export figures indicates in the larger basic export industries it has caused a definite decrease in sales. In this respect the Lancashire cotton industry has probably suffered more than any other through its great losses in its most important market India accentuated by shrinkages in other Eastern areas. The clothing trades have experienced an even greater proportionate decline and in so far as cotton is one of their raw materials this has reacted on that industry.

Changes in taste and fashion and changes in form of statistical records which may be quite slight in themselves make comparisons for individual commodities over a span of twenty years somewhat difficult. The following tables however show movements in sales of certain British products in those areas where the advance in local competition has been particularly rapid. It should be pointed out that the selection of these articles as samples has been partially determined by those difficulties of obtaining strictly comparable figures as well as by the relative importance of the articles in question in our overseas trade. The figures are extracted from the *Annual Returns of Trade and Navigation* 1913 and 1933.

Exports of Cotton Yarn and Piece Goods 1913 and 1933

	Yarn		Piece Goods	
	1913	1933	1913	1933
	(in thousands of £)			
India	2 268	726	34 977	6 778
China			94 6	87
Japan			1 051	0
Australia	61	420	3 390	3 676
Canada	289	331	1 981	891
Total all countries	15 006	10 076	97 776	40 234

The precipitous fall in Indian imports from Britain of both yarn and cloth is in itself a complete explanation of the depressed conditions in the cotton trade at any rate in some classes. Exports of cotton yarns to China and Japan were considered too small to show separately even in 1913 but the fall in piece goods exports is striking. The expansion in Australian purchases of yarn reflects the growing needs of Australian weavers while the

smaller but definite rise in piece goods imports suggests that development of factories using piece goods as raw material has been faster than that of cotton weaving. Similarly the Canadian figures indicate that the local cotton industry has concentrated on weaving rather than spinning and is a fairly considerable user of imported yarn.

Our exports of men's and boys' clothing may be taken as illustrative of the experiences of the apparel trades. Makers of women's clothing have also suffered severely from growing local competition despite the advantage of European leadership of fashion as a selling point.

Exports of Men's and Boys' Clothing (of Wool or Woollen Mixtures) 1913 and 1933

	1913	1933
	(in thousands of £)	
Australia	120	6
New Zealand	163	21
South Africa	100	96
Canada	99	14
India	108	8
Argentina	54	3
Total all countries	2 129	57

Our export trade in this type of clothing has thus fallen to little more than a quarter of the total in the last pre-war year. Three-quarters of British sales were then made in Empire countries and while foreign markets for example Argentina have shrunk very considerably it is the decline in Empire trade that principally accounts for the total fall.

The decreases in total exports of the various classes of iron and steel and manufactures thereof indicate the position in heavy industry. In these statistics it should be pointed out manufactures of iron and steel do not include machinery.

Exports of Iron and Steel and Manufactures thereof 1913 and 1933

	1913	1933
	(in thousands of £)	
Australia	6 438	2 076
India	9 308	3 024
Argentina	4 197	1 600
Japan	9 311	676
Total all countries	54 092	29 879

The virtual halving of our exports of iron and steel in 1933 compared with 1913 cannot be entirely ascribed to the growth of competition. Although last year saw some improvement in economic conditions this did not to any marked extent permeate to the constructional industries which are the great consumers of iron and steel. It is well known

Educational Notes.

By B Venkatesa Sastry, B A , B T

Bureau of Education

What may be considered as a very important step forward will it is understood be taken by the Government of India very soon by reviving the Bureau of Education. It will be recalled that Sir George Anderson the Educational Commissioner with the Government of India strongly recommended the revival of the Bureau in his tenth quinquennial review of Education in India. It is not necessary to emphasize the need for such a Bureau which will have for its aim the functioning as a body to co-ordinate the work of education in the several provinces of British India. No doubt after the reforms there has been a lot of educational activity in all the Provinces. Educational expenditure has increased considerably and plans calculated to achieve rapid progress have been formulated but each province has gone on its own way resulting in lack of uniformity of standards. The Bureau of Education which will be an advisory body to the Government of India will serve to minimise this lack of uniformity and to standardize progress. It will also be the function of the Bureau to send out suggestions for adoption by the Provinces and to collect and interpret educational statistics.

In this connection it may not be out of place to record here the views of the Harto Committee on the growth of education in India. They say: "The advice of a Central Bureau of Education on a number of matters would be of great value to the Provinces. Education is a subject in which fresh advances are being constantly made and India cannot afford to remain behind other countries in educational progress. The growth of education in India could be materially assisted if an efficient central organization which might be termed the Bureau of Education were re-established with the Government of India of which the function would be to give information and advice to the Provincial administrations and to keep them in close touch with each other. They also say that the Bureau should maintain a library properly equipped with educational books and periodicals in Indian, English and foreign and with official educational regulations of importance. It should continue to issue educational publications from time to time on problems of interest to India and it should have the means to send educational experts abroad to investigate such problems."

THE TRIPOD OF NATIONAL PROGRESS

In the course of a very interesting and impressive speech of great importance which he made in inaugurating the Hassan Education Week, Mr. N. C. Subba Rao M.A., Barrister at Law, the Director of Public Instruction in Mysore said that any scheme of rural reconstruction should make it its aim to see that the peasant was an able-bodied person earning at least enough for the normal needs of life, taking interest in what was happening not merely in the village but in the larger world which was pressing upon him and that the village school could perform a comprehensive service to the village by organizing the work in the school to train pupils to fit themselves in a satisfactory manner to the life of the village by making the school the community centre by offering attractions to the adult folk of the village and by the teacher doing work in addition to his own at school of an extra educational character in which he could expect the co-operation of the Departments like Public Health, Medical and Industries and Commerce. He next spoke about the Upper Primary Schools which if they spread in the State an attempt could be made to teach agriculture or a simple industry like weaving or carpentry in these schools as it was being done in the present middle schools for primary stage was not the stage for vocational education. He then pointed out the importance of private initiative and benefaction and the zeal and sense of vocation of the teacher. In short he said the village, the village school and the village teacher were the tripod on which rested the hopes of national advance of a country like India.

RURAL DEVELOPMENT

It is learnt that the North West Frontier Province has made arrangements for the launching of an extensive scheme of rural broadcasting throughout the province. His Excellency the Viceroy is understood to have agreed to inaugurate the scheme with a message from New Delhi. It will also receive good wishes from Lady Halifax who has evinced great interest in the scheme since the beginning. The usefulness of rural broadcasting is hard to be exaggerated especially in a province like the N.W.F. There is no doubt that the scheme will result in bringing education to the

readjustment of courses and syllabuses would be greatly increased attention to the education method with far more insistence on constructive effort by the pupil himself

Mr Md Davood BA District Educational Officer Mysore who presided over the Middle School Section spoke about the difference between the old and new methods of education and referred to the need for staffing the middle schools with trained teachers and the necessity for imparting vocational instruction. There were some important papers presented before the section and a good discussion followed. The next section to hold its meeting was the High School Section over which the veteran educationist Mr D Venkatramiah BA LT Retired Circle Inspector of Education presided. He delivered a thought provoking address setting forth his views on some of the outstanding problems peculiar to secondary education such as vernacular as medium of instruction and religious instruction. Of the papers presented before this section one that deserves special mention was that by Mr M A Narayana Iyengar MA BL Head Master Maharaja's High School Mysore on Relation of Head Master to Assistant Masters in Schools. The paper evoked a lively debate. The third section was that of educational

administration. Mr R Jagannatha Rao BA LT Secretary Local Examinations Board, in his interesting Presidential Address stressed on the co-ordinating and guiding work of the administrator and pointed out the importance of avoiding uniformity and making allowance for varying local conditions. A few interesting papers which were presented before the section drew forth a good discussion. The fourth section was the section of training of teachers. Dr V Siddalingiah MA PhD Principal of the Training College Mysore presided and delivered an inspiring address tackling some important problems peculiar to the training of teachers.

The Conference was not without its social side as well. Under the able guidance of Dr K N Kini the Working Chairman of the Reception Committee the Reception Committee had arranged several social items such as music drama and physical culture demonstrations. There was a good attendance of delegates consisting of District Educational Officers Assistant Inspectors of Education Head Masters and Assistant Masters of Middle and High Schools from all parts of the State who it may be said greatly enjoyed the Conference which was a success of no mean order.

Addressing the Indian Economic Conference held at Patna recently Prof D N Panicker Reader and Head of the Department of Economics and Politics Dacca University said —

It should be borne in mind that if one province makes any discrimination against the people of another it is bound to provoke retaliation in the part of the latter. It cannot expect that others will keep their doors open to it when it is losing its own door against them. The principle of reciprocity is the only principle that will succeed in these matters. Besides, India is one geographical unit it is going to be practically a single political unit under the proposed Federal plan. It should therefore be treated also as a single economic unit. If on the other hand artificial barriers are set up restricting the free movement of population within the country and if it is divided into so many watertight economic compartments I for one really despair of its future as a strong united nation.

Kini writes in the *Statesman* — A careful accurate and precise man is shocked at the

popular interpretation of the expression O K. He refers me to a recent semi-official life of Woodrow Wilson. Prior to the arrival of Wilson at the White House O K was always used on official documents. Wilson altered O K to Okeh and when asked why he replied as a college man and student of history that Okeh was the original and correct form. Then followed a lecture. Briefly

Okeh is a purely Red Indian word of one of the numerous tribes with whom the early Americans came into conflict the Iroquois, Choktaws etc. Numerous treaties were made with these tribes and no treaty was legal unless it ended with the word Okeh meaning it is correct final nothing more to be said etc. This is certainly better than Orl Korrekt.

A slacker is one of those fellows who always grabs the music stool when the piano is to be shifted.

Before you take a correspondence course on how to get more money find out if the boss is taking a similar course on how to cut down expenses.

that the Mahatma has spoken may set win hard hearts—both in and outside Government ranks. Mr Craik cannot do work in his present position than cultivate a little the well known philosophy of wait and see. It would richly pay him now especially now when there is no need to try conclusion with the Mahatma. Mr Craik is evidently talking to others and that is the evil about him. He must know that solitude is often the best society. Uninfluenced he may act rightly and that may save him much trouble and to the country much good. Some men plant an opinion they wish to eradicate. We hope Mr Craik will not wish to come under that class of individuals.

Whatever may be his faults Mr Craik has had an opportunity to learn and let us hope he has laid the lesson to his heart. This apart one good has come out of all this pother. The Government of India are at last looking towards the villages. That is something. Thanks to the Mahatma with whom the saving small beginnings make great endings prevails—the Government is compelled to think of the India in the villages. If the land tana goes if the prickly pear disappears if the roads improve and multiply if drinking water supply is bettered if the irrigation tanks can hold the water that God supplies if the markets and fairs can take away the produce raised if the debt load decreases if the deadly diseases that prevail get abated if educational facilities are provided on the scale required if the radio can help to introduce amenities if co-operative work among the villagers is rendered possible—if these and similar needs and necessities of rural life are met on the footing of a settled policy well there is no need for Mahatma Gandhi to go into the villages. And Government too would be relieved of his presence in them. Probably he would be the first—as he has indeed been the first to doff his hat to them and say. That is well done. I go my way to the City where my work lies. Will the Government follow up their belated programme and help the Mahatma to remain in the city to pursue his work there? That is the rural problem in a word and that is really the work that Government have not done and which the Mahatma has at long last taken up.

The Moderates have jibbed. Why? Because the Dominion Status has not even been mentioned by name in the J P C Report.

The Rt Honble Mr Sastri led the revel in a speech that will live in the memory of man in India. He spoke in terms that meant deadly earnestness—not bitterness let it be noted. He spoke as one thoroughly disappointed as one thoroughly disillusioned and as one thoroughly outraged in his conscience. The words he used are the measure of his disappointment disillusionment and discontent. He has said "hands off" the Cabinet Scheme. He has declared—No co-operation on the terms. That was to be expected after the co-operation offered for solving the tension—going against the practically united voice of the Nation. And what is this new attitude of Mr Sastri the spoke man of the Moderates the so called Liberals of India? They are the Non-co operators of to-day. Are they anything more or anything less? They have justified the Mahatma as none could have. Mr Sastri may criticize the Mahatma but he has no go but to cry out. Peccavi. There is to-day no difference between Moderates and Nationalists of every type and degree. There can be none. The reason for this is not far to seek. It is the wild Cabinet policy that has found literary expression in the J P C Report. The Report has effected what nothing else could have done. It has put the Nation on the road to Unity—in thought action and deed. Mr Jinnah's opportunity is here if he will only use it. He is the one that still is behaving as if he were dumb deaf and mute. Why? Echo answers why.

If unity is to be realized it will not do to merely harp on the word. There should be all round good will based on the realization of the central fact that the country need it as never before. Country first and party next—that should be the new slogan. The will to do that should be created by all Parties if they mean business. Will Mr Sastri help towards that end? Will Mr Jinnah speak out? The Congress is ready if the rest don't lag behind. The position is clear as noon-day sun and procrastination is the thief of time. Act act act. That is the word. The greatest demonstration the country has known should be organized and that need not do more than say this—No Status No Co-operation. All cordially agree in their dissent from the J P C Report all dislike it though for different reasons and all want that the country's status is all important. That being so there is no sacrifice involved in trying to

China and Silver

If there are two countries in the world that can be said to be chronic patients of currency disease they are China and India. In India it is not want of intelligence or knowledge on the part of its administrators but the lack of will to do good that is responsible for her plight. China it is sad to think has throughout been unwise in the choice of a standard which more than any other single cause has been her undoing. Silver has long become an industrial metal and except by a policy of international co-operation and by the adoption of international bimetallicism it is impossible that any country can prosper economically with a silver standard. The price of silver has been materially affected by the American Silver policy and its repercussions on China are studied by Sir Arthur Meighen in the columns of the *Toronto Trade Advertiser*.

It was confidently predicted by owners and producers of silver and silver currency amateurs that if the world price of silver were raised the purchasing power of the Chinese people would be increased and world trade would revive. Events have shown this prophecy to be false though a rise in the world price of silver caused by an increase in the natural demand for it might yet have that result. That is quite another matter. The present rise in the world price of silver has been brought about by artificial means as an examination of the post war reveals.

It is clear that the silver policy of the United States Government has made it difficult for China to export Chinese products in which to pay for her imports of manufactured goods with the result that China has been compelled to reduce her purchases from other countries. The purchasing power of the Chinese people has in short been decreased as the trade returns show. Imports into China during the nine months ended September 30 1934 were marked by a decrease of 25 per cent compared with the corresponding period of 1933 and exports from China showed a considerable decline for the same period compared with 1933.

Meanwhile Mr Roosevelt's experiments in monetary policy have probably retarded a stable recovery through the normal development of the United States immense natural resources but his policy of raising the price of silver artificially has not been solely a monetary policy experiment. It has a no small degree been a political move to secure the votes of owners and producers of silver. Legislation has been passed and the purchase of silver by the United States Government at home and in foreign countries has caused a rise in its world value. This in turn has brought down prices in China where silver is used with the consequence that the trade of China has been dislocated. Her export trade which creates her power to import and to pay for her imports has been upset and even reduced. Of course the increase in the value of silver owned by the Chinese has benefited

China but the dislocation of her trade has more than offset the benefit.

The United States Government seems to suggest that the reason why it has raised the value of silver and why it is buying silver in foreign countries is that foreign silver thus purchased and imported into the United States provides a means for foreign countries to pay for the net excess of United States merchandise exported over merchandise imported into the United States. In other words that as the United States will not buy enough foreign merchandise to enable foreign countries to pay for United States exports sold to foreign countries the Government by buying foreign silver provides the opportunity for foreign countries to cover the excess. Let us test this theory in the light of experience.

The United States acted in the same way in the past in relation to gold. The mischief that policy caused is notorious. It led to economic disequilibrium throughout the world and a maldistribution of the gold needed for settling the balance of international trade and for use as a basis of credit and national currencies. The United States drained away a large proportion of the world's gold and sterilized it. That sterilization was the reason for the heavy fall in world price level of raw materials. It was a main cause of international defaults of the universal trade collapse and of unemployment.

A heavy fall in world price levels of raw materials is a world disaster. Raw materials or primary products are they are sometimes called form the basis of the world's purchasing power. A considerable fall in world price levels of primaries (raw materials) restricts the world's capacity to purchase secondary products (manufactured goods). Being largely engaged in producing manufactured goods Great Britain has suffered by the fall in the price levels of primary products.

The United States persists in refusing to import from foreign countries enough merchandise to balance United States exports to foreign countries and is now causing a drain on foreign silver just as she caused a drain on foreign gold.

The Chinese Government has been compelled to put an export duty upon silver in order to protect the Chinese people from being deprived of more of the silver currency the loss of some of which has already injured the internal trade. It is possible to foresee the injury inflicted upon China by a drain upon her silver as a result of Mr. Roosevelt's policy of manipulating silver in order to create artificially a rise in its world value. Dislocation of Chinese trade must retard the restoration of world trade in which Britain is deeply interested because the general trade of China is an important factor in rebuilding the post-war trade of the world.

China needs a stable exchange. The attempt by the United States to manipulate a rising price of silver by artificial means has resulted in driving China away from silver as the basis of her currency which she will now link with sterling by setting up a Silver Equalization Fund to be worked through the silver market in London. Owners and producers of silver in the United States will have themselves to blame if China discards the silver standard and in proper season decides to base her currency on gold. What will the world price of silver be then?

Richardson concerns himself with the delicate problem of industrial relations under the National Recovery Act. He reviews the issues clamouring for solution.

President Roosevelt's recovery programme particularly the passing of the National Industrial Recovery Act in June 1933, marks the beginning of a new period of industrial relations in the United States—a period in which industrial peace has been disturbed by disputes of increasing bitterness. At first glance the outbreak of labour unrest may seem somewhat surprising at a time when hours of work were being drastically reduced, minimum wages for unskilled workers considerably increased, and the status of Trade Unionism substantially improved. The Trade Union Movement is, indeed, grateful to the Government for these changes, having the National Industrial Recovery Act as a *magna charta* and it desires to avoid hampering the Government in its efforts to secure a return of prosperity.

These disputes have been due partly to dissatisfaction of skilled workers with rates of pay, which, they claim, have not been appropriately adjusted to increases in the cost of living or to reductions in hours of work. The chief cause of disputes, however, has been disagreement between employers and workers about trade union recognition and the right to collective bargaining accorded to the workers by the National Industrial Recovery Act.

After reviewing the state of industrial relations before the passing of the Act, the effects of the Act upon trade union policy and upon the attitude of employers towards trade union recognition, collective bargaining and the closed versus open shop controversy, labour conditions under the codes of fair competition methods adopted by the Government for settling disputes Professor Richardson concludes—

To summarise the National Industrial Recovery Act and other parts of the 'New Deal' have been responsible for a great increase in industrial unrest in the United States which has hampered the return of prosperity. With rising prices stimulated by Government action and official support for the idea that higher wages with shorter hours are necessary to sustain business recovery it is not surprising that industrial relations have been disturbed. Trade union recognition, however, has been the chief immediate issue. Leaders of organized labour interpreted the Government's attitude and legislation to imply support of trade union recognition and collective bargaining, and they urged workers to join the unions as a patriotic duty. Employers in many industries long hostile to organized labour have adopted the "company union" interpretation of collective representation. They have asserted that the trade unions are grossly exaggerating their membership figures and represent a minority, only a small minority, of the workers, and they have resisted demands for recognition in the hope that recent increases in trade union membership would prove to be temporary and that the movement would soon revert to its former weakness and quiescence.

These irreconcilable attitudes have placed the Government in a dilemma. It cannot satisfy organized labour without alienating the industrialists, and to do this would prejudice the success of the recovery

programme. It has inevitably attempted compromises, but these have satisfied neither side though their position being provisionally safeguarded, they have been more acceptable to the employers than to labour. At first the trade unions, grateful for the Government's support of freedom of association and collective bargaining tried to avoid great industrial conflicts, but later they became disillusioned, attacked N.R.A. for its failure to enforce the principle of collective bargaining and resorted to strikes in an attempt to command recognition. The most disturbed period in the history of American industrial relations has resulted.

Trade union recognition and effective collective bargaining cannot be enforced by Government edict. They must be the outcome of stable organization among the workers, temperate leaders on both sides and mutual confidence in fair dealing. It is very uncertain as to what extent the unions will be able to consolidate their new membership, and with the present attitude of each side, the immediate outlook is not favourable for industrial peace.

Banking Reform in Belgium

The *Bankers' Magazine* of London has the following paragraph on banking reform in Belgium—

In Belgium as in several other Continental countries banking assistance to and participation in industry have been carried to a length which has called for State intervention. Steps have now been taken to relieve the Belgian banks of their frozen credits by placing on them the obligation to transfer the loans to the newly formed *Société de Crédit à l'Industrie*. This institution which is officially supervised is issuing its State guaranteed 3 per cent bonds in exchange for the credits. As the 3 per cent which the banks will receive from the *Société* is naturally very much below the interest rates paid on the loans the nominal interest receipts of the banks will be greatly reduced although this may be offset to a considerable extent by the greater security which they will enjoy. The *Société de Crédit à l'Industrie* will charge a rate of 4½ per cent on the loans taken over, and it is believed that even this rate will mean a large interest saving to some industrial enterprise. Further loan operations of the Banks are to be subjected to official supervision, and from January 1, 1936 the banks are to be prohibited from holding shares or debentures of industrial commercial or agricultural enterprises. They will, however, be permitted to hold shares in other banks provided that the amount held does not exceed 25 per cent of the total shares outstanding. Although the Belgian reforms cannot be said to bring the country's banking any nearer to the British model, they certainly seem to admit the correctness of the British attitude by acknowledging that the indiscriminate use of banking funds in industry carries very serious disadvantages.

Commercial Safeguard in J. P. C. Report

The J. P. C. Report on Indian Reforms is perhaps the most severely condemned of all political documents. It has not met with the support of even those who are habituated to thinking with the British Government. It is a matter of curiosity to find anybody of note who can defend this Report.

of the sale of rubber and other commodities. The policy of the Government is to be taken off the market where we are able to add additional money to come from to enable us to carry on to buy. If wages are increased the sellers will get rid of the stuff but if they are not part at least of the market supply will remain undisturbed and therefore prices will go away. We cannot assume that the Government is prepared to raise more loans they won't they will call a halt and the inexorable law of supply and demand is sure to reassert themselves in the form of a falling price level. So we shall be exactly back from where we started may we are once off for we remain saddled with a ten crore liability as a result.

Now is there a reason to suppose that in the event of all the provinces acting multilaterally and depending over a given period save a hundred crores on public works a real recovery would take place? Prices would rise no doubt but they won't stay out of further supplies of Government loans are not forthcoming. For an artificially created loan and for that matter not endure so long as there is no incentive for private enterprise to invest. The incentive is missing if entrepreneurs are not assured that the upward trend of prices is due to genuine causes as distinct from a temporary stimulus given through Government help. Why have when you are not certain that the help you are going to peter out with the cessation of public works? Why did Great Britain not resort to this means? Why is the American price level so sluggish in responding to the fabulous sum which is being spent on public works? And what has Hitler achieved? His funds are running dry prices in Germany have risen but that is due to price control and scarcity and has nothing to do with genuine recovery.

To deduce from the success of a public works programme in Madras a hundred years ago a proof that a similar plan would nowadays ensure recovery is surely to compare things that are quite dissimilar. In those days Madras had no railways was an isolated unit and under such conditions you can do things that are impossible when the unit has become co-extensive with the whole of India.

But not only would a public works programme fail to bring about a genuine recovery it would positively stand in the way of lifting the depression. The hope of revival lies in shaping a set of conditions which savings will flow of their own accord into the channel of industry and trade. But so long as the yield on Government paper is sufficient to satisfy the moderate demand of investors during the depression private enterprise will shirk its duty of industrial investment. Now by issuing loans for public works Government would offer additional opportunities to invest money yielding a return quite sufficient to satisfy the moderate demands of investors during the depression. Government thus prevents the yield on its securities falling to a level which would probably force new saving to seek more remunerative fields of investment. The better its credit the lower will be the yield on Government paper but to burden itself with new issues would scarcely enhance its solvency.

But Dr P. J. Thomas the Professor of Economics of the Madras University answers the question in the affirmative if the public works are administered well in the course of an article contributed to the same paper —

Those who disapprove of public works expenditure as a means of lifting the depression will do well to

remember the important distinction that exists between a spectacular programme of public works recklessly undertaken for beating up prices and a long range programme of useful works of public utility timed according to the trend of the trade cycle. The N.R.A. has apparently adopted the former policy like Italy, Sweden and a host of other countries are persistently carrying out the latter policy. The principal object of the latter policy is to revive and maintain business activity and to increase the economic equipment of the country. Prices may rise as a result but that is not the main objective.

What one would like to see adopted in India is not the former but the latter (with some modifications) to suit our peculiar conditions. Before the slump began the expenditure on railway works and of the civil works of provincial governments (to take only some important items) came to about Rs. 50 crores per annum but in 1930-33 it was only about Rs. 12 crores. Perhaps such a cut was justified in the early stages of the depression but now that the bottom has been reached it is time we restored our expenditure on public works to the old level. By doing so private enterprise which has been languishing will obtain great stimulus and a genuine recovery will start. The circumstances of today are particularly favourable for carrying out such a policy.

This is no revolutionary suggestion. Countries which jealously guard the financial policy have successfully carried out such a programme already. It is often said that Great Britain has not resorted to this policy. Indeed he has not indulged in an orgy of public expenditure but has fairly well maintained and in some instances increased his expenditure on public works in spite of unfavourable circumstances. A reference to the recent budget statements of Britain will bring this out. The expenditure on public works proper in the United Kingdom was £10 millions in 1929-30 and it was £28 millions in 1933-34. But to this must be added the expenditure on social welfare (grants to unemployed, pensioners, housing grants, etc.) which was only £8 millions in 1929-30 but rose to £15.5 millions in 1933-34 and £14.5 millions in the current year's estimates (see *Economist* April 14 1934). A large house building scheme and other development projects are contemplated.

The policy of increased expenditure on public works has already been approved at the Provincial Economic Conference held in April last and Provincial Governments are now considering schemes for works. Surely a policy approved by the Governments in India which have always pursued a conservative financial policy cannot be unsafe for the country.

Some of the critics of a public works programme argue thus. Suppose the Government of Madras carried out public works involving an expenditure of Rs. 10 crores 80 per cent of the money will go to pay the wages and this will be spent on foodstuffs and other commodities. Prices will rise and more goods will be produced. Where is the additional money to come from for taking these newly made goods off the market? Government will spend no more and prices will again collapse and the province will be worse off (See for instance *Madras Mail* December 8).

All this may possibly happen if—

- (1) Government spends all the Rs. 10 crores in one week or a month and
- (2) Government is and continues to be the only spending agency but neither of these is true.

Government cannot spend Rs 10 crores profitably even in one year. It will require a longer period, say 4 or 5 years. Only a part of it will be spent in the first year. This large employment to many of the newly employed will not mean more foodstuffs and other consumable goods, but as there is much a stock there will be no sudden increase of prices. But when the export stops, the exchange price will rise generally, production will soon expand, prices will increase and the spending power of the community will grow. That increase in purchasing power will lead to a consumption of the additional supply of goods produced.

Indeed the national spending power, or not, decided by Government expenditure but after a while it will be kept up by private enterprise for the spending power came not from the state.

Government but from the additional labour of the people. But that labour is employed by Government but also to the expansion of private enterprise. It is then for Government to slow down expenditure and off its socks for a while. Therefore public and only the public authority can do that in a sure manner. The demand for the army and navy. Man tones can a strategy in position if the whole of the drama is the he part. The British administration will lead to the recovery of health. The army and navy may do the work but no sensible man will be aware of water that will drown you.

Recent Economic Publications

Balances of International Payments

League of Nations. Cene a 188 page. Price 6 or \$1.50. League of Nations (Indian Bureau) Imp. Office. 11, Strand, London. W.C.2.

The study of capital movements and payments between countries on account of interest and dividend or services rendered has been greatly helped by the numerous countries being included in the League of Nations to complete the statement of their balances of international payments.

Both the official statements and the authoritative ones are brought together by the Economic and Social Service of the League in a publication of which a new series (B.I.N. 1934) 1934 (1934) has just appeared. It gives the accounts for 34 countries representing together 80 per cent of the world. The figures for the latest available in most cases 1933 are presented. It is a summary of the accounts of various countries in terms of gold dollars and international transactions of certain categories (such as capital movements, interest and dividend payments, interest expenditure and emigration remittances) in the rate of interest in the case of capital movements. It is a good introduction to the subject.

An important quantity of information is also supplied as to the conversion of loans (domestic and foreign) in different countries which has been made possible by the fall in interest rates. The amount of universal cheapening of capital which makes the burden of debt for countries, however the only sign of an approach to equilibrium in the international balance relations. The tendency to liquidate outstanding international loans, involves men's continued and the use of new loans has almost come to an end. It is true that London remains an international capital market but the small amount of new capital other than domestic loans issued there is almost exclusively for the account of countries within the British Empire. In the United States, the Netherlands and Switzerland the same were no different in the case of loans in 1933 or the first nine months of 1934. The projected equilibrium in international balance relations is reflected in the steady fall in the average price in terms of gold of goods entering into foreign trade and the correlation

of the demand in the exchange rate of paper money. It forces the gold countries to choose between deflation and all other things and the maintenance of an uncompetitive level.

The nature of the equilibrium is indicated by a study of the outflow of the system of international trade. The order of international transactions is the recent change there in. It is shown that the depression of the income of the United Kingdom from foreign investment was largely reduced in the form of good investment from the United States and European countries. The United Kingdom has the raw materials and foodstuffs they need for the point of view of British capital investment. The international or multilateral transactions are involved in the transfer of amount due to other countries such as the Netherlands and are essential in the foreign transactions of the Netherlands, France, Italy, Switzerland and Austria. The demand for the supply of raw materials from the countries upon the expenditure of four or five months of European countries or the United States like Japan has to pay or part of the raw materials she needs from certain countries by means of the export surplus to others.

The present tendency of commercial policy have never rendered the system of trade highly vulnerable. The break of any link in a chain of multilateral trade reduces the amount which can be transferred through this kind of trade and hence also the prices of goods falling along with the whole chain. Details are given showing how the system has broken down in recent years. The United States surplus in transactions with Europe for example has shrunk and been employed for financing European withdrawals of short term capital from New York, thus prolonging the large excess of currency available for payment of the raw materials purchased in other countries as before 1933. The ensuing fall in the price of raw materials and the Chinese boycott of Japanese goods turned the large Japanese surplus in trade with the United States and China into a deficit. The result being a transfer of capital. This was only solved by the depreciation of the yen which so favoured Japanese exports as to offset very severely the increase of certain other countries. Several European countries are notably Germany have been eliminated from the trade which used to serve the transfer of sums due to the United Kingdom from Asia, Oceania and Latin America.

The disorganization of the system of multilateral trade is stated goes far to explain the apparent contradiction in the existence of financial distress side by side with a plentiful supply of goods. The world's productive forces are intact or improved but with the partial destruction of the system which once mobilised these forces in the transfer of amounts due to creditor countries or in the transfer of exchange of certain products against others or services numerous countries have difficulties in finding the means of acquiring the foreign products they need and market in which their own product may be sold at remunerative prices. It is these difficulties which continue to depress the price of goods (in terms of gold which is the only commodity by which monetary transfers can be made in all directions) entering into trade in spite of the drastic measures taken by several important countries.

The Monetary Problems of India

By L. C. Jain. Messrs Macmillan & Co. Ltd. 81, Martin's Street, London. Price 10/6d net.

India's monetary problems are every day becoming more and more difficult of solution. The most difficult part of the entire affair is undoubtedly the interference of a Government alien in its interests to those of the people. Any attempt made to reconstruct Indian economic policy on sound national lines inevitably reacts on the position of the British trader in India. An exchange policy and a banking reform deemed to protect the non-interests of India and Great Britain are the chief objectives of Anglo-Indian economists and men. But in the very nature of things it seems difficult of achievement unless by a superb effort at an honourable compromise there come about a system of Imperial Paternalization. Human nature being what it is, problematic if we can avoid an economic war between India and Great Britain.

This book by Dr. Jain is an attempt to study the various monetary and exchange problems that pressed for solution in 1931. It gives an historical account of the Indian money market and the Indian Banking from 1865 to 1931. The Crisis of 1931 was a most trying period for India's economic life by a policy of pegging the Rupee to the Sterling and a system of export of gold in tons. India was made to meet the enormous deficiencies of an uneconomic exchange policy. The Reserve Bank Act of 1934 has materialized our dream of a Central Bank for India, but unfortunately its provisions are not even as liberal as were those of the Reserve Bank Bills of 1927 and 1928. The more the days pass, the clearer is the attitude of those who govern us. The J.P.C. Report on Indian Reforms is a retrograde and reactionary step on the path of India's advancement; it not only cripples us politically but also curbs our economic freedom. Similarly, the Reserve Bank Act of 1934 is a backward measure when compared to that contemplated by Sir Basil Blackett.

The last chapter of the book deals with the future outlook. As far as his proposals for a banking reform are concerned, since the book was written the Reserve Bank Act has been passed. Therefore his suggestions though some of them have been embodied in the Act are more of an academic character at present. His desire is unmistakably for a gold standard. Whatever the standard he writes three requisites are essential for its smooth working. Firstly there must be a proper apparatus; secondly there must be the necessary knowledge to use that apparatus; and

thirdly there must be adequate will or goodwill as the driving force. Or to comply a homely analogy there must be a good engine, an able driver and sufficient steam. A monetary standard cannot succeed if the apparatus is defective. But even with the best apparatus it might fail if the knowledge to use it were lacking or if it did not possess the confidence of those whom it serves. Judged by these threefold requisites—practical, intellectual and emotional—the Sterling exchange standard breaks down on the third and the paper standard on the second. The sterling exchange standard in spite of its long use does not seem to satisfy Indian opinion. As for the paper standard it feels better at present doubtful even in countries much more advanced than India. Quoting with approval the belief of the Gold Delegation of the League of Nations that

at the present stage of world economic development the gold standard remains the best available monetary mechanism and that of the Board of the Bank for International Settlements that the gold standard is "the one best suited to make possible the free flow of world trade and of international finance." Dr. Jain is not unconscious of the precautions needed to the use of gold in the post-war world. From the World Economic Conference which did not meet when this book was published the author hoped much. But as we know it was all sound and fury signifying nothing. As the storm rightly rages while it seems probable that Indian monetary reconstruction would be best secured by some form of a gold standard, such rapid changes are occurring all over the world and in the realm of economic thought that it would be best at present to keep an open mind. But this counsel of perfection will be a poultice for the author's decided policies for which he is neither in relation to the fact and changes all over the world nor in accordance with the ideas and ideals of economic thought.

There is no tincture of economic and political philosophy in the present day; the author entertains hopes of international co-operation. But 1934 has been a year of international unrest. The air of Central Europe is thickly clouded with the war ferment. A Nationalist political as well as economic—of the narrow type—is fastly holding sway over the imagination of the entire Western world and even of a few countries like Japan. 1935 pretends to bring another War which will mean the entire destruction of Western civilization. Under these circumstances an internationalist is as much an Utopian as the dreamer of Mr. H. G. Wells' World State.

R. V. A.

Economic History of England

By Milton Brasington and Percy Jordan. Third Edition. Published by The University Tutorial Press, Ltd. High Street, New Oxford Street, London. Price 9s. 6d. (Also obtainable in Part I (from the earliest times to 1500) 3s. 6d. Part II (1500 to the Present Day) 6s. 6d.)

The University Tutorial Press have attained a well-deserved reputation as publishers of text books. This revised and enlarged edition of Mr. Milton Brasington's *Economic History of England* is thoroughly in keeping with the standard set by the firm.

Our Indian University is rightly giving more and more prominence to economic history. Bacon has well said: "History makes man wise and some of the wise policies in the political and economic

history of the world have been fathered by state men imbued with a keen historical sense and endowed with ample historic knowledge. Karl Marx and the Historical School of Economists have stressed the importance of a historical approach to economic problems long ago. It did not receive the prominence it needed, till the Great War unsettled the settled notions of our political and political economists. The World Crisis made it imperatively felt that no nation can progress without deliberate planning and how can there be any planning without a complete picture of the past in the minds of those whose business it is to map out the future. In these days it is the duty of scholars to give to the student as well as to the general reader a historic and well informed accounts of the economic and social evolution of the countries. Mr Percy Jordan's edition of Mr Brice's work is an admirable text book to the student and forms excellent reading to the average educated man.

The first part of the work deal with the pre Industrial Revolution period and it takes up more than two hundred pages. But the second part which treats of the comparatively short period of about 170 years (from 1600 to the Present Day) comprises 700 pages. This is itself an indication of the important part that the Industrial Revolution and industrialism play upon the economic life of a nation. With out industrialization no Western nation could have attained the position it holds to-day in the international sphere, though some of the European nations, especially Great Britain, have come to rue for the mistake of complete abandonment of agriculture. England at any rate had the prophetic warning of Dr W. Cunningham in the nineties of the last century but as she was at the height of her imperial imperialism she did not pay heed to the caveat of the distinguished economist. The struggle between India and Great Britain at the present day is mainly economic, because England has neither raw materials nor food products she has to depend on other countries for them. She had been lured into the opiate of empire in India for ever by her pride of power with the result that her very existence is threatened by India's demand for self rule.

Two lessons can well be learnt from a study of the economic history of modern England. One is that it is unwise to industrialise the whole of a country at the expense of agriculture. In this respect France has been wiser and she might be said to have been keeping industry and agriculture in a balanced equilibrium. The second is the probable conflict between labour and capital on account of the claims that are created by blind industrialism. In India we are afraid we will be repeating the follies of English industrialization if we do not sufficiently grapple with the problem of industrial labour with a view to avoiding conflict and creating better relations between capital and labour.

It is of interest and advantage to know the conclusions that force themselves on a reader of the English economic history. Man's mastery of nature is not unlimited. Nature's rules must be obeyed. There are certain limits which science at present cannot even theoretically hope to pass. But the control of Nature is still continuous. There is no evidence that we are at the end of our resources. Indeed the further we advance the greater become the possibilities. The general apathy and non-receptivity of the ordinary human mind to new ideas is another obstacle in the way of man's mastery over Nature. But this struggle with Nature is only one

act of the wider conduct of man. His long and constant endeavour to overcome the scarcity of the means of satisfaction of human need. This struggle against scarcity is still going on but scarcity is a function of distribution rather than of production and the inevitable endeavour to overcome it. A new aspect of the scarcity principle may result in social and economic transformations of even greater significance than the break up of the imperial system at the end of the fifteenth century. The fact that transformations have been made everywhere in the past has taken quite an unexpected and an extraordinary social experiment in price with increasing rapidity and pertinacity. Elsewhere socialism is the prevailing social principle though there are evolutionary socialists who are better than advanced liberals and reformers are caught. On the whole it is pretty certain as the Professor of Economics at the University of London says in his introduction to the book "The World and it includes inevitably the economic world."

What light does a study of English economic history throw on the problem that preoccupies our attention? The problem of social progress is an intricate one. Progress like every other social concept has a relative as well as an absolute aspect and it is in the five senses mainly that the argument that the ruling classes have gained little from the Industrial Revolution has any claim to validity. In fact the whole contention that the main fruits of industrial progress have been appropriated by a select few is that the surplus wealth created by the invention of machinery and co-operative production has been seized by the owners of land or of instruments of production are clear exaggeration. In the arch of events since 1840 the landowners have not succeeded in appropriating the whole of the surplus wealth as Ricardo and his followers had feared. They were anticipated in consequence of inexorable law. The working population has not been driven to the margin of physical subsistence as Malthus predicted and capital has not become concentrated thus very few hard as Marx foretold. Nevertheless the fundamental problem of the unequal distribution of wealth still awaits solution. The problems fluctuating employment and relative poverty and the use of machinery have not been satisfactorily solved. But it is not more that we should concede at without free competition and laissez-faire it is scarcely probable that mechanization could have achieved its present state. But the world of to-day differs fundamentally from that of the classical economists. It is much more dynamic even as it is at a much more rapid pace. A world ruled by science and in which the industrial classes are crushed to an extent unimagined at the beginning of the nineteenth century can no longer sit repose and await the working out of adjustments by the slow law of natural forces. Neither can it submissively face to reform the international interdependence of the great majority of nations as economic nationalists attempt to do. Modern conditions demand that adjustments shall be made with greater rapidity and with conscious purpose and calculation and this in turn involves the recognition of the greater part of the world as the economic unit. The relation of economic history to political history and to the theory of economics may then be noted as Mr Jordan says "Economic determinism has always been a thesis attractive to many minds." It is true that continuity of development exists, it

is possible to discover a relation between economic change and change in other fields. But on the other hand the at least a partial dependence of Economic History on social and political ideas will turn out to be the resultant of forces not wholly material. The economic determinism is untenable in its extreme form. The dependence of Economic History on political and social developments is partly explained by the economic process does not follow a linear path. It indulges in a vast evolution. In the question of the interaction between economic and political economic thought Mr Jordan thinks that the claim of the German School of Historical Economics. Pöhl and Knies was an exaggeration. We do not have to view Economics as a science which treats of human endeavour cannot be based on led to a discovery. It is true that much knowledge came out of the research of the delinquent thinkers. But the oversimplification which Mr Jordan himself aims to have been the greatest defect of the classical Political Economy was due to its general thinking. The old deductive school is now followed by the new school of materialist economics. I am sure we have to face becoming the victims of a few deductive school of thought. History and psychology are the only method of study to be applied to social sciences. Ricardo has to be equally condemned with Karl Marx for the dangers of the application of pure logic to economics were apparent in the theories of the prophet of the bourgeois political economy as well as of the prophet of the communist economy.

A. V. RAJASIMH

Gandhism versus Socialism

By P. Hard B. Gregg. The John Day Company, 395 Fourth Avenue New York, U.S.A. Price 50 cents.

Professor R. B. Gregg the well known writer on Mahatma Gandhi does not want to retain capitalism but he would prefer what he calls Gandhism to socialism. According to Mr Gregg money physical violence social division and flatteries parliamentary and large scale organization are the four great defects of the present-day capitalist social polity and Mahatma Gandhi wants to put an end to these four evils. Socialism leads to military and police violence and the symbol as a prime control of society. Gandhi wants to abolish this control. Secondly Gandhi attacks socialism as a symbol of the coarse egoism. Gandhi is superior to Socialism in that every man is asked to perform a common daily form of social service to help to create a new social and economic order. Socialism wants to abolish private property. Gandhi would like to put public service. Gandhi wants quality rather than quantity. He lays stress on small scale industries. He would not make the State omnipotent as the Socialists will do. Laity Gandhism. Indian mind and heart and therefore truly Swadeshi. This is the substance of his philosophy.

We accept this interpretation of Mahatma Gandhi's sociology as being faithful and just. We would like to offer a few remarks on the points raised by Mr Gregg and which Gandhi solves. It cannot be said that the Mahatma is opposed to money power though he is dead against industrialism and the profits that mount up out of it. Mr Gregg commends himself to a rather sweeping statement when he says that Socialism is violent in method. Any student of politics and economics knows full well that the

Socialists themselves are of two kinds—evolutionary and revolutionary. It must be said to the credit of a large majority of the latter Socialists that they too abhor violence. They would have a Socialist without achieving it by Forceful methods. In fact the recent declaration of Sir Stafford Cripps does not warrant any conclusion to the effect that violence will be used on the other hand the British Socialists hope to get a mandate from the electors for the establishment of a Socialist Commonwealth in Britain. Social Division and flatteries are already getting obtrusively the spread of knowledge and of economic and mechanical advancement. It is regrettable that Mr Gregg should have always mistaken Socialism for Communism. A great Socialist political content Professor H. J. La Follette and the present Leader of the House of Commons in England do not contemplate the abandonment of parliamentarism or of democracy. Nor does the Mahatma want to dispense with parliamentarism. La Follette and Gandhi will use representative government with the chance that are needed to get things done. Of course Mahatma Gandhi vows against large scale organization.

Unfortunately Mr. Gregg does not go to the root of the question. The fundamental questions that are to be asked are: Is Mahatma Gandhi for the ideal of equality as understood by the Socialists? Is the Mahatma in favour of the abolition of the liberty of the individual in the political and economic field? A careful and close study of his writings and speeches leads one to think that he does not believe in the absolute egalitarian theory of the Socialist philosophy. He is too much of an individualist to tolerate the suppression of individuality which the Socialist conceptions. As a matter of fact certain passages of his lend themselves to be so twisted as to make him a philosopher anarchist and he refers to Count Leo Tolstoy who tried to confirm that impression. But the conclusion that the Mahatma shows to the capitalists and the landlords and the anxiety he displays to reconcile the capitalist and the labourer and the landlord and the tenant, amply demonstrates the fact that he is unwilling to disturb the present order of things. Of course he has a scheme to rid the existing system of its abuses in fact many Liberal economists have similar schemes of reform. He is a reformer of the type of John Stuart Mill and Charles Gide like Mill and like Gide he has gathered a set of workers round himself who believe in a method of bettering other socio-economic policy. On that account to talk of Gandhi as if it were an alternative social polity offered for adoption is to be untrue to the Mahatma. He is a radical Liberal working for the amelioration of the masses in his own way consistent with the fundamental guarantees of Liberalism.

One point needs clarification and elucidation. It has been much misapprehended that Mahatma Gandhi is in favour of direct action of a type in the settlement of all disputes and problems. This false notion has been engendered by the movement that the Mahatma has launched against the British Government. It is because India has to free itself from foreign domination that he advocates direct action of a kind in perfect accord with his philosophy. His advice to the Indian State subject his admission on to the Indian Mill labour is his attitude to the Sanatani in the matter of the reclamation of the Harijans—these are proof positive that he will be no party to direct action of any sort in the adjustment of internal questions.



Books in Brief

Short Reviews of Recent Books

The Continent of Asia

E I onel W L le Me re Ma n Han t Co Ltd
 St Mart n Stree London Pr e 16th net

[illegible]

I finished as he a by the great philo-sophical anarchist Prince Kropotkin to whom he owes his idea of continentalism and all that it means in human response. Prince Ledebur kept the objective of world relations well in his mind and wrote the book. For that must be said to the undisciplined taste of the writer that a certain amount of human presentation on clothes the treatment of what may be rightly called the last human of all subjects. Further there are an admirable lucidity of expression and an extraordinary clarity of management of details which mark it out from ordinary book on geography.

We are living in an era of great geographers who are keen on making an uncommonly good plan of knowledge interesting. Dr M. Dr Marion Newell and Dr Dudley Stamp—all have tried to awaken real enthusiasm for the study of geography. To this illustrious band of scholars we gladly include the name of Professor Lionel Lyde. *The Continent of Asia* is an impressive and picturesque volume which in the mind of the reader. It is a real and solid contribution to the literature of geography. We wish the book the success so eminent a geographer

Reconstruction and Education in Rural India

In the Light of the Programme carried on 11
S. Ketan the Institute of Pural Peon tru tion
founded) Ral adranath Tare, Ly Prem Chand Lal
Messrs (corve Allen & Un n Ltd Puk n House
40 Museum Street London W C 1 Price 10s
To Pal adranath Tare

To Pal nadhrnath Tasore world fin an a poet
philosopher belongs the great credit of having founded
great centres of cultural learning and of rural recon-
struction without the aid of the Government. Those
who want to know what Pal nadhrnath has been able
to achieve in the field of rural reconstruction cannot do

better than to turn to this book for an exhaustive
and explanatory account of Sriniketan

Smritketan is situated in a place near Bolpur in Beal. The place that evoked contempt a few years back has now been converted into a beautiful village. The Institute has undertaken both social and industrial regeneration. Vegetable garden, small fruit growing, poultry rearing, weaving, carpentry, lacquer industry, pottery, book binding, embroidery and tailoring and mechanical engineering are encouraged and taught by the various branches of the Institute. The public health of the village is well maintained. The rural curriculum largely covers the Scout movement—these form the features of the activities of the Institute. The rural experimental school is doing splendid work.

While the first a d the second parts of the book describe and evaluate the work of the Sriniketan the third part deals with about a hundred and twenty pages the variety of tasks before the rural workers and the lines upon which reorganization must proceed. The rural education—elementary adult and female—social vocational training a d the training of teacher and leaders—these must embrace the education of the who would work at a rejuvenation of the village. Dr Lal gives elaborate suggestions as to what should be done in every branch of activity as well as they form valuable advice and guide. It is not possible that we can agree with everything, that the author says for as he himself admits the problems are of B u l villages but can we well be the problems of the rest of the rural India and the same measures with very little modification can be employed in the work of rural reconstruction and rural education in the other part.

Villages are like women. In their keeping is the cradle of the race. They are nearer to nature than towns and were therefore in closer touch with the fount of life. They have the atmosphere which produces a natural power of healing. It is the function of the village like that of woman to provide people with their elemental needs with food and joy and with those ceremonies of beauty which the village spontaneously produces and in which the people delight. Regis thus Dr. Rabindranath Tagore

introduction to the book. But he is not slow to recognise the value of the national's social economy.

Cities there must be in man's civilization just as in higher organisms there must be organized centres of life such as the brain, heart or stomach. The never overwhelm the living wholeness of the body on the contrary by a perfect federation of the functions they man an's richness. But a tumour round which the blood is congested is the enemy of the whole body upon which it feeds as it swells. So far the poet's sentiments are in exceptionable. But he goes on to say: Our modern cities in the same way feed upon the whole social organism that runs through the villages, they continually drain away the life-stuff of the community and slough off a huge amount of dead matter while assuming a lurid counterfeit of

prosperity. Thus unlike a living heart the cities are imprisoned and kill the blood and create poisons on centres filled with the accumulation of death. This is not true of Indian cities whether or no of the cities of other countries. The Indian city is no more prosperous or happy than the Indian village. It has to travel a long way before it can claim to become an *organ of centre of life*. Therefore we feel called upon to utter a note of warning again to all those who delude themselves into thinking as our poet philosopher seems to do that our cities freed upon the whole social organism that runs through the villages. On the other hand what is really a tumour round which the blood is constricted is a Rural Reconstruction Centre on which much money and many men are lavished to the exclusion of other villages. Rural reconstruction centres are costly terribly costly very much like the experimental farms maintained by our Departments of Agriculture and the money spent on them might be more profitably spent on a number of villages. The more useful method of solving the problem of our villages is to take a single item of the recovery programme and work it out on a mass scale. Even when endorsed by individual philanthropists we consider these centres to be sources of economic waste when public subscriptions or Government money are spent we unhesitatingly characterise the waste as criminal.

R

The Last Enchantment

By G. K. Chettur. The B. M. Bookshop, Mangalore. Price Rs. 5.

Two things contribute to make this book a success. One is the subject of the book for which students of Oxford have not been charmed by its ineffable sublimity and its inimitable grandeur. Oxford like the great Sister University of Cambridge is in Lord Morley's beautiful words a dream of music for the inward ear and of delight for the contemplative eye. Then there is the author himself. A gifted member of the well known Chettur family, Mr. Govinda Krishna has already made a name for himself as an able writer of eloquent prose.

Like many of his sort, Mr. Chettur also plays with the muse of English poetry. It will not be out of place here to record our minute dissent from those who think that Indians can write well in English poetry. Let it not be thought that those who decry this habit of versification in English are jealously to our Wordsworths. On the other hand, much useful talent has been wasted on this what must largely remain a fruitless field of activity to Indian literary men. Among great names like that of Mrs. Sarojini Naidu a great many who have attempted poetry must be pronounced to have been failures when compared with English poets of second or even third rank. There is ample scope for the development of a magnificent fabric of English prose in our country. Our ancient epics can be rendered into modern English, our mythological stories and Puranas can be studied in excellent books written in English. The historical and geographical matter available in this country can well be made the themes of first class works of English prose. More than all the great thoughts of ancient and of modern India in philosophy and art can be clothed in English. We earnestly entreat the "stars" of Indo-English literature to turn to these fields of well deserved endeavour and build up a great Indo-English prose literature instead of wasting their sweetness in the desert air of poetry. This however is a digress on.

The Last Enchantment embodies the author's recollections of his Oxford life. They deal mainly with the great personalities with whom he came in contact. W. B. Yeats, Arthur Symonds, Sarojini Naidu, John Masefield, Palindranath, and Dr. Spooner are the figures of whom we glimpse of their greatness. It is difficult to estimate the value of such contacts with truly great men to the immature youth. How we wish it in our own country. There is great merit in it if they make it a point to mix with the young men of our Universities thus consciously and unconsciously moulding the lives and characters of our youth to great and noble ends. Finally, it is a book of great popular value. The price is a bit prohibitive for the price is 5 rupees and the print is excellent. It is to be expected of the B. M. Bookshop.

R

Elements of Civics and Economics

By Benoy Kumar Choudhury. The Central Book Agency, 14 College Square, Calcutta. Price Rs. 3. To tell the truth, this is a bound volume of four separate books on Political Science, on the Elements of Indian Administration, on Economics, and on Indian Economy. In the very nature of the space allotted to the treatment of the subjects, they are elementary in character. We do not find any new method of presentation or striking vigour of expression which will justify an addition to the existing stock of books on these subjects. Still, in India at the present day, I have two important duties to perform: to contribute to the stock of thought on politics and economics and to popularise the available knowledge in the form of readable and understandable reductions. Text books there are excellent ones and in plenty to add to them without a new orientation. We are afraid a waste of effort which might well have been utilized in any of the channels we have mentioned above. Certainly we do expect a much better standard of work from one who claims to have been a college teacher extending over a period of nearly seventeen years. Anyhow we could recommend this book as a safe one to be put to the hands of beginners in these sciences.

P

Some Phases of Fair Value and Interstate Rates

By James Barclay Smith. State University Press, Baton Rouge, Louisiana, U.S.A.

When India is about to enter on a Federation of its Provinces and States, the question of interstate rates will have to be settled to the advantage of all. Interstate Commerce. Mr. Smith says, now constitutes the body of internal industrial enterprise. Our economic structure is dependent thereon. The railroads are its arteries and its pulse can be felt through them. If that were so, then it will be useful to us to know the practice in the great federation of North America. Certain aspects of that problem are fully discussed in this book. The writer has fortified his authority with the judicial decisions of American courts. It will be of immense profit to students of Indian Commerce to study the American practice and cases and to that end Mr. J. B. Smith's book will be found eminently useful.

Cow Protection

By V. G. Desai The Navarajan Karyalaya, Ahmedabad Price As 13

One has only to glance through the pages of this book to know the miserable condition of our cows. In this country cows are supposed to be religiously worshipped. Still their position is extremely unpardonable. We are deeply grateful to Mr. Desai for opening our eyes to the magnitude of this crime that exists amongst us.

India is mainly a vegetarian country, and it is now admitted by even scientists that vegetarianism is the healthiest form of dietetics. But mere vegetables and pulses and grains are not enough to make a man physically and mentally fit. The human body needs milk and its products for an efficient discharge of its functions. To have an adequate milk supply we must have well fed and well maintained cows.

Then in an agricultural country like India the cattle problem assumes even more serious dimensions. The use of beef and the export of cattle for beef have been among the disturbing factors of this problem. Then cows are slaughtered in India for hides and skins and these hides and skins are exported to come back as finished shoes and boots.

Mr. V. G. Desai has presented the case for protection and preservation of cows as ably as possible. In fact he has buttressed his arguments with unassailable facts and figures. He has selected certain weighty articles from men like Mahatma Gandhi, Mr. W. Smith, the Imperial Dairy Expert, Principal Sam Hogganbotham of Allahabad and Professor J. P. Kinnaird as appendices to the book. We endorse wholeheartedly what Mahatma Gandhi has said in his Foreword.

Those who are interested in the preservation of the priceless wealth of India in the shape of the cow through constructive means will find much food for thought in the following well written pages.

R

The Nature of Mysticism

By C. Jinajayadasa The Theosophical Publishing House, Adyar, Madras

Who is a Mystic? Here is Mr. Jinajayadasa's definition. "The first if not the chief characteristic which distinguishes the mystic is that the outer world is continually transmuting itself into an inner world of feeling. He lives for that inner world and his values to life in the outer world are derived from it. He is therefore extremely individualistic for he knows of one sole authority which is the growing life of his own inner world and not another's. Though he is the youngest of the mystics in the company of the oldest yet he is in a fashion among equals and when he gives his own message he is *primus inter pares*."

This second edition of the study of mysticism which was first written in 1917 is perhaps the best for who else could in the space of eighty short pages expound the philosophy of mysticism? Six types of mysticism are here explained: the mysticism of grace, the mysticism of love, pantheistic mysticism, nature mysticism, sacramental mysticism and theosophical mysticism. Greater than the mystic of any one of the types which I have described declares Mr. Jinajayadasa, is the Panmystic who greets with joyous rapture the great life as it comes down to him through any road which it chooses for its coming. "He does not choose between the various types for all mystic ways are equal."

In the foreword the author says that we cannot tell where to place the mysticism of Krishnamurti's teaching "because his teaching is not complete."

But tried by Mr. Jinajayadasa's test of a mystic, Krishnamurti is a mystic *par excellence*. His theory of individual uniqueness is enough to make him *primus inter pares*.

R V A

Annie Besant and the Changing World.

By Dr. Bhagavan Das Adyar Pamphlets Nos 100-101 The Theosophical Publishing House, Adyar, Madras Price As 8

If they named any three or four of the other great people in India, the sum of their achievements, the aggregate of the benefit that they had rendered to this country would not exceed what stood unquestionably to her credit. This considered and deliberate estimate of the Rt. Hon. V. S. Srinivasa Sastri of Dr. Annie Besant's services to our country is amply borne out by this study of the great figure by one of her most devoted spiritual disciples, who is himself one of the ablest thinkers now living in India.

If one were asked to name the twelve greatest figures of our day, no one will hesitate to include the name of Dr. Besant in that list. Her career can be studied from many points of view. As a religious reformer, she stood out as the exponent of Theosophy, the one movement truly international in spirit that has emanated from the West. It might be safely said that to the great credit of Theosophy it has obliterated all distinctions of colour, race, creed, sex or nation within its fold. Though many are not likely to agree with Dr. Besant's views on occultism—which is perhaps the glaring weakness of Theosophy to the rational mind—still it remains true that the Theosophical movement is most liberal in practice and in thought. In addition to the exposition of Theosophy, Dr. Besant showed marvellous powers of organization. While she came to the head of the Society, its influence was limited in its range and activity. When she died in 1933, she had already made it a most powerful organization with branches all over the world, with tens of thousands of members and with a disciplined and well organized structure of administration of the Society. To Indians, Dr. Besant will always appeal as one of the founders of Neo-Hinduism. With Swami Vivekananda, she can be clubbed as one of the joint founders of the Hindu Revivalist Movement. If to-day the Bhagavad Gita is popular among educated Hindus, the study of the Brahma Sutras and the Upanishads is increasingly made and if our Dharma Sastras are considered worthy of learning though of course critically, it is all due to the untrailing work of the solitary figure of Besant. To aid the work of rejuvenating Hinduism, she started the scheme of national education, she founded schools in Adyar and in Benares. Her Central Hindu College was the nucleus round which Pandit Madan Mohan Malaviya has built the famous Benares Hindu University.

Even more than her religious and educational work is her political work on behalf of India. Two great figures of Indian politics had grievously suffered unpopularity on account of a misunderstanding of their political psychology. It is generally thought that Babu Surendranath Bannerji of the Anti-Partition Agitation days was different from Sir Surendranath Bannerji of the post-war days. Similarly, Mrs. Annie Besant of the Home Rule Agitation days is considered to have been quite another figure when compared with Dr. Annie Besant of the post-war days. In both these cases, there was no change of method or of policy. Both believed in constitutional agitation, and when they succeeded in getting half

a loaf they were quite prepared to accept the half with gratitude and work to win the other half. Dr Besant was an internationalist and an imperialist. Her Theosophy could not make her think of a narrow nationalism. Her poetic imagination fired her with enthusiasm for the British Commonwealth of Nations. She found in the British Empire the possibility of a League of Nations and of a reconciliation of that most delicate and difficult of all problems—the rapprochement between the East and the West. Her imperialism was not jingoistic in character like that of Joseph Chamberlain or of Rudyard Kipling. In fact she was a greater and a nobler nationalist than even Earl Balfour for the latter did not free himself from the selfishness of the self-interest of the West over the East. In her internationalism her noble and grand imperialism and in her belief in constitutionalism she stands by the side of the Rt Hon V. S. Srinivasa Sastri. When therefore she saw that Mahatma Gandhi had launched upon a direct action non-violent struggle and that he began to condemn the British Government as Satanic she broke away from the Indian National Congress and had to throw her lot with the Indian Liberals. Dr Bhagavan Das disagreed with Besant in her condemnation of Mahatma Gandhi. It must be admitted that Dr Besant used language which was not becoming of one of her position and authority.

Yet another point of disagreement between Bhagavan Das and his Spiritual master was in regard to the halo of Krishnamurti as the *Messiah*. Dr Das argued that no particular person should be accepted or proclaimed or treated as an *avatar* or *nata* or *vidya* or other such being possessed of high spiritual quality and superhuman powers and accomplishments. If he had given proof of being such a thing, any one should not certainly be regarded and honoured duly as such, *after* he had given clear and unimpeachable proof. He took undoubtedly the only sensible view that can be taken and as Dr Bhagavan Das well says they were eagerly to the credit of his moral courage and honest straightforwardness that J. Krishnamurti ordered the dissolution of the Order of the Star in the East and declared himself a World Teacher.

As a religious reformer as an educator as a great social worker as a wonderful orator and as an organizer and leader of men Dr Besant's one of the few world moving personalities of modern times and she has earned for herself an honoured place in the Hall of Heroes.

R

Jayakarnataka

Vol. XII No. 11 Nityanka (Illustrated) Published by the Editors Jayakarnataka Karyalaya Dhawar

The Editors of the *Jayakarnataka* our contemporary are to be congratulated on the publication of this excellently got up special number mainly devoted to the exposition and discussion of the various problems relating to the sagas grouped under *Dama Dandana* and the *Cenana*. All in all the variety of the topics dealt with under each of the groups this number not only makes an interesting interest of every Kannadga in the rich heritage of India in general and the Karnataka in particular but also at quickening his curiosity as to how best to preserve and propagate through the state along lines adequate to the present conditions and needs of the country. Most of the contributions are informing and

substantive. In particular from the point of view of the great deal of work emanating to be achieved in the domain of the Karnataka state the articles dealing with Yakshagana (pp. 41) The state in the no-he-naka-nak (pp. 27-34) Indian Dance (pp. 75-8) Dances in the Kannada Country (pp. 88-91) Ancient Indian Conquest and personal achievement (pp. 105-111) and The move to the Indian dramatic shows caused by the movie tones (pp. 118-122)—deserve to be read and re-read by all who work in the field. The number is simply and fully illustrated and binds far to the popular. It may not however be too much to hope that at a future issue of this type the Editor will be in a position to publish a complete and as far as possible complete account of the *Thiruvaiyala nataka* Co. nity (Ancient and Modern) written by competent scholars. That would also be need to be a long wait. We are an eminent young man to turn to future work in the field.

N S P

Krishnamurti

Herbert M. Peports of Talks and Answers to Questions. O. A. Camm—1934. Is used by the Star Line. The Truth in Va. Anta V. Har. A. Lyar. Malra. Krishnamurti talks are meant of so much to a system of thought as to awaken thought. It sums up as to the message of Krishnamurti. The message of his life. While reviewing the Zealot talks of Krishnamurti we wrote that he seems impossible that we could discuss any thought of Krishnamurti and I found that the mental attitude of Krishnamurti will make an unnecessary appeal to all people. We propose to say a few words on the mental attitude of Krishnamurti.

The theory of individual uniqueness which Krishnamurti is great contributor to the thought of the world is full of potentialities for the future of the world. If it is done into the ears of every one of us that each one has his own way of realizing his and that no other man can ever help him to do it to talk of going with him for common spiritual on, we personally think that it will be the greatest achievement of the most powerful antidote to Sectarianism of any type. When Krishnamurti delivered the letter of the Star in the East, he declared his message and denounced organized religion as a totality already nailed out for him. It is a plea among the boldest men that ever lived. It speaks volumes of the courage and the gift of fearlessness of one who has been literally worshipped by thousands of intellectuals all over the world to have been so utterly without a shadow of selfishness to do the things that he did. He began to practice *ndolal unyana* himself. It would be the first to pooh pooh any one who says that he is a follower or a disciple of Krishnamurti. The e. Ojai camp talks are carried on the same impersonal and rational level which he did. That is characteristic of Krishnamurti. We would like the prophet of a novel mode of attacking religious problems and guiding others to solve them. It would do him if with open arms for he bids far to take the mud under the feet of those who have claimed to have discovered the truth and show the hollowness of the ground underneath them. We are of the firm opinion that an adoption of the mental attitude of Krishnamurti will put an end to the endless wrangles over dogmas and rituals that have been the bane of the entire history of civilized humanity.

R

The Land and Life of India

By Margaret Peadar The Edinburgh House of Print
2, Eaton Gate London S.W. 1 Price 2s

This little book by the author of *India's Peasants* introduces us to an introduction of the life and life and society of India. There is no discussion of the problems of Indian politics or economy. But the author takes the reader into the religious background of Indian life. The treatment is sympathetic. The pictures of Indian life are true and accurate with a view to making the picture realistic and appealing. She has taken many names and families from both the South and the North and has delineated them with interest and feeling. It is a safe book to place into the hands of the foreigner who knows not India.

Marxism and Communism

Marxism after Fifty Years By P. Palme Dutt
Price 2/-

How Lenin Studied Marx By N. Krupchaya
Price 1/-

Ireland's Path to Freedom. Manifesto of the Communist Party of Ireland Price 1/-

Dialectical Materialism and Communism By L. Rodas Price 3/-

Labour Monthly Pamphlets Published at 7 Jobu Street Theobalds Road London W.C. 1

These pamphlets are reprinted from *Labour Monthly*. Mr. Palme Dutt's pamphlet confesses the failure of Marxism to spread and yet concludes with a note of hope. Lenin put Marx's ideas into practice. He knew his Marx as well as a pastor knows his Prayer Book. This devoted study of Marx, in the opinion of Mr. Krupchaya, is a lesson in how to study Lenin himself. His teaching is inseparably connected with the teaching of Marx. It is Marxism in action. It is the Marxism of the epoch of imperialism and proletarian revolutions. *Ireland's Path to Freedom* is the Manifesto of the Irish Communist Party adopted at the inaugural Congress in June 1973. Its note and appeal are of the well-known type which we have now come to associate with communist manifestos: the same audacious tone and the same brag. The last pamphlet of Mr. Rodas is an extremely able study of the relation between dialectical materialism and communism. We would especially recommend this pamphlet to all students of social sciences, whether they agree with the conclusions or not. As usual it is based on deductive logic which we know to be the characteristic of Marx no less than of Picardo. As an attempt at a pure intellectual presentation it is on a high level.

Co-operative Marketing

By G. P. Pillai B. V. Book Depot Trivandrum

Mr. Pillai's monograph of 30 pages is divided into three chapters. The first discusses the general principles. The causes of failure of co-operative marketing have been classified under the following heads—

(1) Difficulty in securing produce for sale where the crop cultivation is not financed by co-operative societies

- (2) Inactivity of the members
- (3) Unbusiness-like habits of the members
- (4) Lack of expert management
- (5) Ignorance of market conditions
- (6) Boycott by traders
- (7) Finance
- (8) Lack of Technical knowledge

In the third chapter he treats of co-operative marketing in India and its possibilities. He hopes that

by a combination of knowledge and care we may be able to overcome the difficulties. The second chapter of thirty-one pages is extremely useful as a guide as it gives a good account of co-operative marketing in other countries. We wish that this booklet is read by all interested in the subject, as, with its limits, it is well written.

Contemporary South Indians

By Nilakan A. Perumal The Stationery Emporium, 1 Armenian Street Madras

This book contains sketches of eight prominent South Indians now living. The first is Hon. V. S. Srinivasa Sastri. Mr. C. Vajiravacharani and Sir A. P. Patro among the politicians. Sir C. P. Ramaswami Aiyar, Sir Alladi Krishna Swami Aiyar and Mr. S. Srinivasa Ayyangar among lawyers. Sir V. T. Krishna Rao the minister of an Indian State and Dr. S. Muthulakshmi Reddi the social reformer and leader of the Women's Movement—of these we get brief accounts. Unfortunately we are unable to know the why of this publication. As they say, there is no pep in them—neither criticism, or interpretation nor even a connected systematic account of their lives. In some cases there is even inaccuracy of statement of facts. Modern India offers numerous personages for study, criticism, reflection and emulation. We would be glad to see any book or sketch that attempts to do something more substantial than this book does.

Present Condition of the States and Their Subjects.

An Open Letter to the Indian Princes and the Subjects of the Indian States By M. Ramachandra Rao The Modi Power Printing Works Bangalore City

At this time when the Indian Princes are hesitating as to what attitude they should take towards the idea of Federation especially in view of the unanimous condemnation of the Joint Parliamentary Committee's Report on India's Performances. Mr. Ramachandra Rao's appeal is opportune and timely. No time should be lost in realizing our cherished dream of a united India and at some cost and sacrifice the Princes should join the Federation. At the same time we would draw their attention to the spectre of the question raised by no less sane and cautious a statesman as the Pt. Hon. V. S. Srinivasa Sastri that the two concepts—Federation and Dominion Status—ought to be given equal prominence. Much is expected from Indian Princes and it is the ardent desire of their subjects that they should help in India realizing her destiny. Mr. Ramachandra Rao's open letter deserves reading.

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The Example of Walpole

By H "

Mr Churchill in the course of the debate on the Government of India Bill quoted the example of Sir Robert Walpole and asked Sir Samuel Hoare to follow him and with draw the Bill. Mr Churchill presumably knows his English History and it is accordingly unnecessary to suggest that he is not unaware of the implications of the parallelism he attempted to draw. But it is best to dispose of the point he raised. That referred to the Excise duty that Walpole tried to impose during his term of office and how he was compelled to withdraw it. The story is easily told. In 1773 he introduced a bill into Parliament for levying duties on certain goods—tobacco being the first. These were not customs duties which are paid at the sea ports when goods are imported into the country, but *excise* which is paid when the goods are sent for distribution throughout the country. Walpole, who had rare skill in finding out the means of settling questions relating to finance, held the view that it would not cost much rise in excise that men could not keep back or steal part of it so easily and that thus more money would flow into the treasury while the people paid just the same. Though Walpole had set his heart on this measure the people of England in those days did not like such a duty. It is said that the very word *excise* put them in ill humour. A loud outcry was raised against Walpole's plan in all parts of the country and Walpole much against his will withdrew his bill.

That in brief is the story. Mr Churchill may draw any inference he pleases from it. But it will not do to say that the India Bill is so odious to Britain as the Excise duty proved to 18th century England. Walpole gave up the measure not because it was bad but because the popular outcry was loud against it. Is there any popular outcry in Britain against the India Bill? That is the one thing wanting

If there had been Lord Rothermere need not have lost so much on cables to the Princes of India. Such splendid waste of money would not only have avoided but he would have scoffed at the suggestion of a single cable to even a single Prince in India. It is because popular opinion does not back the artificial agitation of the Diehards and the Churchill group in the Commons that all this attempt to terrify the Princes of all sorts of evil consequences is being indulged in. This feigned fondness for the Princes this new tangled notion of friendship for Their Highnesses in India and this manufactured goodwill for the Rulers in this country—all these strange happenings have come about because of the very want of popular support for the Diehards in sections of the Tory Press. Mr Churchill will on reflection no doubt perceive that his picture of Walpole withdrawing his bill is lacking in substance so far as the present India Bill is concerned.

Walpole was not only a great financier but also an expert in managing the Commons. The complaint against him is that he was jealous of able men. Indeed it has been remarked that that was his one great mistake. It is said in evidence of that allegation that he had driven away most of those who had been in office with him. One writer has said that there was hardly one man of merit whom he did not get rid of at some time or other. It is true even Townshend had to resign his place and Pulteney the trustee of his friends, had to give him up. William Pitt made fiery speeches against him and made incidentally a name for himself. The *Patricians* continuously harassed him in Parliament but he was more than a match to them all. Thanks to the King and the Commons he held on for many years despite the *Patriots* and their denunciations. The war with Spain—the *Jenkins's Ear War* as it is known in history—which he neither liked nor wanted,

broke out and though it did prove advantageous to Britain it made Walpole unpopular for the *Patriots* made it appear that the nation's troubles were all due to him. Walpole fought strenuously for his place but he lost the elections of 1741 and the *Patriots* who won it by a small majority continued it but it ended in nothing striking except Commodore Anson's great voyage round the world. The *Patriots* were no better than the Churchillites of to day and the suggestion that Walpole tried to bribe one and all—his alleged favourite maxim being every man has his price—and that he succeeded more by reason of the deception he practised than by the exercise of his talents is now shown to be false to a degree. He could not tolerate able men simply because they made Government impossible. That at any rate is the latest suggestion offered. He was out and out a statesman and the fact that he held office for twenty long years after getting out of the Tower and put through financial schemes of an original kind and never sought war show that he had rare genius for Government. His alleged mortification that Pitt could not be bought by any bribe of his does more credit to his enemies than discredit to him. It is to his policy in defeating the plans of the Jacobites that the Hanoverian dynasty in great measure owe their permanent

occupancy of the British throne. His sound judgment, his skilful conduct of public affairs, his clear headed and practical policy, his hatred of war, his desire to make his country rich and prosperous, his well conceived financial policy which nullified the evil effects of the South Sea Bubble and restored confidence show that he was not the stupid man that got upset at the very first protest against him and withdrew a measure on which he had set his heart in the interests of the nation as Mr Churchill would have us believe. That is misreading as much of history as of the biography of Walpole. You may say that Walpole never thought of doing great deeds or doing away with unjust laws or getting just ones enacted or setting right some of the many evils that existed in the England of his time or helping men to grow wiser and better—but do not say he was a coward and afraid to go forward with his measure. He withdrew the Excise Bill simply because there was really a loud public outcry against it. It is not statesmanship to go against such an outcry, even if you are right. That is statesmanship. But to apply the analogy Mr Churchill must prove that the people of Britain are against the Government of India Bill and not a mere handful represented by himself and his few Die-hard adherents. Three swallows do not make a summer.

The perfumery trade is carried on by old established family businesses mostly with 100 to 500 employees mainly women and girls. Yardley & Co Limited of Stratford were established in 1770. Soaps are made by Edward Cook & Co Limited at Bow A and F Pears Limited at Isleworth. John Knight Limited at Silvertown. Prices Soap Company Limited, at Battersea and by other firms nearly all of which are under the control of Lever Brothers Limited. The Lever concern was incorporated in 1894 with a capital of £1,500,000 which had increased to over £15,000,000 in 1917 and is over £56,000,000 in 1924 making it the largest commercial undertaking of its kind in the world. The manufacture of candles is concentrated adjacent to the soap factories the chief business being that of Prices Patent Candle Company Limited at Battersea. That this particular branch of the allied chemical industries is still flourishing is shown by the fact that the output of candles, night lights and tapers in Great Britain in 1930 exceeded 40,000 tons.

During the last decade the London Chamber of Commerce which serves an area within 20 miles of Charing Cross has also as is appropriate made great strides. It has built up a position of considerable financial strength and has been able to pay from its accumulated reserves for its very fine building in Cannon Street. Not only has it a direct membership of 8,000 but another 50,000 firms and companies are represented on its council through 47 affiliated trade associations. That the staff has during the same period increased from 90 to 150 is not surprising when it is remembered that five meetings on an average are held per working day throughout the year Saturdays not being counted for this purpose. This activity is due not only to the 12 standing committees of the Chamber and its 70 trade sections but also to the fact that the Chamber houses and staffs under contract 49 independent trade associations. It is also the headquarters of the Federation of Chambers of Commerce of the British Empire.

The Indian Budget, 1935-36.

By The Editor

The first Budget presented by Sir James Grigg, Finance Member, has had a mixed reception. While some acclaim it, so far as the presentation of the figures goes, as a lucid one, it is suggested by others that it has neither the brilliance nor the imagination of Sir Basil Blackett nor is it illumined by the close analysis and penetrative insight of Sir George Schuster. In one respect he has been more fortunate than his immediate predecessor. He has been able to announce some small reductions in the taxes so far imposed. As might be expected this has neither pleased the generality of tax payers nor those with whom he is directly concerned in the House. Sir James will, perhaps, be the first to admit that he has still to understand the Indian position. His Budget does not indicate he has yet grasped it. In India, the Finance Member has to deal with poverty in the mass. A Finance Member who fails to do this, fails in his duty. The Military expenditure eats up the greatest part of the revenue, and the Civil and other services which are paid at rates unknown elsewhere take away much of what might remain. What is left over, is hardly sufficient for building up the nation. A position like that, in the hands of a Nationalist Finance Member, would mean a different matter. That is the standard from which Sir James' Budget would be judged by the India of to-day. A Finance Member who does not place himself in the position of an Indian Nationalist cannot give satisfaction to the country. Judged from that standpoint, the Indian Budget as presented on March 1st fails in its fundamentals. It has no guiding idea behind it: it has no future plan before it, and it has no vision of the India of to-morrow. No wonder critics have not been wanting who suggest that it is uninspiring and unexciting to a degree. If a Finance

Member wants to make an impression on present-day India, he should, as Sir Henry Lawrance once put it, get into the skins of the Indians and try to think and feel like them. Would he do so if he were an Indian? That is the test that any one would apply to the Indian Budget of to-day. As it is Sir James Grigg deserves some small praise. The provision of Rs 1 crore for rural improvement is good but it is a bagatelle when we remember the area involved. However, it is worthy of remark that Mahatma Gandhi has at last moved the Government but the Government have no real policy of rural reconstruction. That is where they failed in their duty to the villagers, from whom their largest share of revenue is derived. The heir to the tax payer is almost like a drop in the ocean. The reductions in the taxes on the smaller incomes and the surcharges on income tax and the super tax may have been larger. Amendments may be necessary in connection with these proposed reductions. The most disappointing feature about the Budget is the refusal to impose a duty on the export of gold from the country. Before long the unwisdom of this refusal will become plain—but then it will be too late to do anything. The reduction in the silver tax will prove welcome in certain quarters. It may check smuggling. One would think that there is considerable under estimation in regard to the yield from the sugar import duty, judging from the failure of the sugar crop in this country.

Whatever may be its merits, the Budget has failed to touch the imagination of the people as it has failed to get to the brass tacks of Indian economic well being.

According to reports a British company is to be formed to deal with the exportation of surplus molasses from the many newly erected sugar factories in India. The molasses, which are of no value to the factories at present in most cases they form an item of expenditure for removal charges—will be turned into manure. Last season 500 000 tons of unwanted molasses were produced in India, and this season a much larger quantity is expected. The scheme should be of assistance to the young sugar industry in India.

Heavy imports from Java are causing alarm in the Indian sugar industry, the prices of Java sugar have been falling progressively at the various Indian ports. In the last seven months about 150 000 tons of sugar have been imported despite the fact that large stocks are lying in the market. It is likely that India will produce sugar equal to the country's estimated consumption during the next season. Producers are asking for an increase in the sugar duty.

A Problem of Equilibrium.

By Prof Gustav Cassel

The currency system of the world is divided at present into two main groups which for brevity's sake, may be termed the gold group and the sterling group. Two big countries the United States and Germany are closely connected with the gold group but can scarcely be regarded as actual members of that group. The gold countries are striving to maintain a fixed gold parity for their currencies and they regard such a parity as the only true criterion of the stability of a currency. Diametrically opposed to this programme is the currency policy of the paper countries according to which the stabilization of the currency is regarded intrinsically as a stabilization of the internal purchasing power of the currency in relation to goods. Such a stabilization is set up as the final goal but it is desired first somewhat to raise the general level of commodity prices with a view to restoring the normal relation between commodity prices and costs of production. This officially announced British currency programme is regarded in the paper countries as best representing a rational monetary policy. And in fact the paper currencies are being pegged more and more firmly to the pound sterling which is thus becoming the fixed centre of the sterling group.

These two groups are engaged in perpetual controversies which are all the more fruitless as they use current terms in different senses. They have as indicated diametrically opposite views as to the significance of a stable currency or what the call for stabilization involves. Within the gold bloc the paper currencies are designated as depreciated currencies, whilst the paper countries regard their own currencies as relatively stable and view the international values of the gold currencies as the result of an artificially maintained over valuation of those currencies. The gold countries demand that the paper countries shall return as soon as possible to a gold standard. The paper countries on the other hand consider that the necessary conditions for a restoration of a gold standard have not yet been fulfilled and that it devolves chiefly on the gold countries to fulfil them. They do not however indulge in any hopes about such a consummation and are beginning to accustom themselves to viewing a system of judiciously regulated paper currencies as an abiding solution of the international monetary problem.

In the midst of all these controversies it seems important to make it clear that what the world is suffering from most of all at present is the lack of equilibrium in the international system of currencies. The existing rates of exchange do not correspond at all to the internal purchasing power of the currencies. Now the first condition for enabling a sound world economy to be established is that the international values of the currencies as expressed in the rates of exchange shall be brought into conformity with the purchasing power parities. It is therefore absolutely necessary to eliminate the existing over valuation of the gold currencies relatively to the currencies of the sterling group. This condition cannot be fulfilled merely by the paper countries returning to a gold standard. Should they in so doing select gold parities corresponding to the present gold values of the paper currencies the lack of equilibrium would be thrown into still sharper relief and it would then become clear to everybody that the establishment of conformity between official gold parities and actual purchasing power parities is the primary condition for stability in the monetary system of the world.

The international discussion on monetary policy should therefore aim first and foremost at ascertaining by what means a real equilibrium between the various currencies can be attained. Viewed abstractly the position is that conformity between rates of exchange and purchasing power parities can be attained either by adjusting the internal purchasing power of the currencies to the existing rates of exchange or else by adjusting the rates of exchange to the existing purchasing power parities. Let us discuss each of these alternatives in turn.

In adjustment of the price levels to the existing rates of exchange is theoretically attainable in two different ways either by the sterling countries raising their price levels or by the gold countries lowering theirs. The paper countries in accordance with their general programme have latterly succeeded to some extent in raising their commodity prices as expressed in the indices for wholesale trade. But this rise has been far too small to counterbalance in any appreciable degree the lack of equilibrium between the internal and external valuations of the currencies. The gold countries in turn have long been striving to lower their price levels with a view to adjusting the internal

purchasing power of their currencies to their high valuation abroad. Such a process of deflation, however, is very laborious and perilous. It has therefore not been carried out with anything like uniformity and in no case to a sufficient extent.

The principal point, however, is that such adjustments of the price levels have not been in the least effective in adjusting the difference between rates of exchange and purchasing power parities. A rise in the internal price level of the paper countries tends in a corresponding degree to lower their foreign valuation. Similarly, a deflation in the gold countries tends in a corresponding degree to raise the foreign valuations of their currencies. In such circumstances the over valuation of the gold currencies tends to become a permanent factor.

This fact can be most clearly exemplified by a comparison between the French franc and the pound sterling. When France in June 1924 reverted to a gold standard France adopted such a low gold parity that the French currency was under valued. This under valuation had practically speaking been neutralized when England in September 1931 abandoned the gold standard. This step immediately entailed an immense over valuation of the franc. This over valuation was reduced somewhat in 1932 but since then it has been practically impossible to shake it. By abandoning the gold standard England was freed from the necessity of continuing to follow along in the international process of deflation which had been going on ever since 1926. The general price level of Great Britain is now practically the same as it was during the months immediately preceding the abandonment of the gold standard. France, on the other hand has continued to pursue a policy of deflation with the result that the French price level has now been reduced to less than three fourths of what it was in the middle of 1931. This however has resulted in raising the foreign valuation of the franc, whence the rise in its internal value has not brought that value appreciably closer to the foreign valuation.

This entire course of development can best be made clear by a calculation of the under valuation (—) or over valuation (+) of the French currency in relation to the pound proceeding from the year 1913 and taking as a basis the official indices for wholesale prices in France and England and the average quotations for the French franc in London. In such a calculation there are, of course, possibilities of error which, in view of the

length of time involved may assume considerable dimensions. Too much weight should therefore not be attached to the absolute figures. The result however places it beyond doubt that after England had abandoned the gold standard the previous under valuation of the franc was converted into an over valuation, and that in spite of the deflation in France the over valuation was maintained practically unchanged after 1932.

	Price indices	Under valuation (—) or over valuation (+) of the French franc in relation to the pound
	France Statistique Générale 1913=100	Great Britain Board of Trade 1913=100
8 July	648	441 1
9 (average)	627	436
1 July	600	419 2
31 December	442	402 2
12 (average)	427	401 6
3	398	400 9
14 September	360	400 2
14 October	351	404 1
		— 7% — 7% — 6% — 1% — 23% — 19% — 18% + 17% + 16%

Also other members of the gold bloc have pursued a policy of deflation but owing to existing difficulties have been compelled to abandon it. The upshot is that all the gold currencies are over valued though in very different degree. Their over valuation in relation to the pound sterling figured out in September 1934 as follows —

Belgium	+ 7 %
Italy	+ 13 %
France	+ 17 %
Holland	+ 22 %
Switzerland	+ 41 %
Germany	+ 57 %

An international currency system in which the rates of exchange show such marked variations from the purchasing power parities, of course, devoid of any stability. In these circumstances the efforts which are being made for a reconstruction of the world economy must aim first and foremost at eliminating a fundamental cause of the over valuation of the gold currencies. In order to get to the bottom of this matter we must first of all consider the general over valuation of gold relatively to goods which in these times is manifesting itself in an abnormal hoarding of gold. The central banks to begin with have accumulated as much gold as they possibly could. The gold stock of the United States in particular having been increased during the first half of 1934 by no less than 9.0 million dollars. Further, in the course of the period dating from England's abandonment of the gold standard in September 1931 down to the end of 1933, it is estimated that gold amounting to nearly

two milliard dollars has been hoarded in Europe. This amount includes not only the gold hoarded by private person but also the gold reserves of private banks and of the British Exchange Equalization Fund. Part of the gold thus hoarded was indeed transferred to the central banks during the months of March to August 1934 but in the autumn hoarding seems to have been resumed. This movement is of course due to the fact that a general feeling of insecurity is paralyzing economic activity making people reluctant to invest their savings and inducing them to keep their money in as accessible a form as possible. Gold for the present inspires special confidence for the purposes of such temporary investment. So long as this state of things continues we shall have to reckon with the over valuation of currencies which can be freely converted into gold. Deflation strengthens people's confidence in the maintenance of the currency at its gold parity but merely serves to confirm the over valuation of the currency.

When a gold country refuses to reduce its gold parity to a level corresponding to the internal value of the currency it is forced as recent experience has shown to take extraordinary measures in order to maintain the existing over valuation of its currency. In the first place attempts are made to restrict the use of the currency as in international medium and thus also the demand for the currency for the purpose of foreign payments. This can be done in many different ways for example by a prohibition against the export of capital, a rationing of the import of goods, or of the foreign exchange available for such imports, prohibitive tariffs, restriction of the supply of foreign currency available for travellers etc. Further endeavours are made to mitigate the adverse effects of the over valuation of the currency on exports by export premiums in a more or less disguised form or by supplying foreign buyers with special currencies at a discount. It is well known that Germany side by side with her official high gold currency has created a series of special currencies with a lower foreign valuation thereby endeavouring to overcome the difficulties incidental to a marked over valuation of the official currency. A somewhat similar attempt though on a minor scale has been made by Switzerland where tourist francs have recently been introduced.

The methods for what is called defence of the currency are as we see of very diverse character but all of them have this in common

they must be regarded as steps in the endeavour to maintain the currency of the country at an external valuation which exceeds the value that would correspond to the internal purchasing power of the currency. In fact the actually existing over valuation of the gold currencies which clashes so sharply with the equilibrium required in accordance with the theory of purchasing power parities is rendered possible only by these extraordinary measures for the defence of the currency. A country which pursues such a policy damages itself in the first place but also exposes the economy of other countries to serious disturbances. It is beyond all doubt that the restoration of the world economy is at present greatly impeded by the endeavours made by the gold countries to maintain an over valuation of their currencies which is at bottom untenable.

A radical means for the elimination of this over valuation would of course be to abandon the gold standard entirely. If people refuse to do this the only other alternative is to *cut down the gold parities of the gold currencies* to values which correspond to the actual internal purchasing power of the currencies. Such a reduction however still encounters stout opposition. People call it devaluation, a term which is associated with whole ideas about a State bankruptcy and bad faith towards creditors. People would certainly view matters in a different light if they realized that the value of gold in relation to goods has risen very considerably since 1931 and that it is now merely a question of some downward adjustment of the gold parities in order to compensate its rise in value. Such an adjustment need not be accompanied by any rise in the internal level of price. Thus a creditor in the home country would not find that his purchasing power on the domestic market had been at all reduced. The same remark of course applies to the purchasing power of wage earners who provided that the nominal wages remained unchanged would practically speaking be unaffected by the reduction of the gold parity.

In the paper countries we often hear the view expressed that the cutting down of the gold parities of the gold currencies to a more reasonable level would all at once increase the competitive power of the gold countries to such an extent that the entire economy of the paper countries would be seriously disturbed. Naturally any reform even if it goes in the right direction must entail some disturbance which may cause trouble in certain quarters. In the present case however it should be borne in mind that a reduction of the gold parities which

would permit the external values of the gold currencies to adjust themselves to their internal purchasing power ought to entail the withdrawal of all extraordinary measures taken for the maintenance of the over valuation of the currencies in question. The paper countries would thus obtain a very valuable compensation for the dreaded reduction of the parities of the gold currencies.

It should be understood however that an adjustment which aims at the restoration of a normal equilibrium even if it entails certain transitory difficulties is bound to have overwhelmingly favourable effects on economic activity. Such an adjustment is therefore in the interest of all parties. All that is required in any reduction of an over valued currency is to keep within proper bounds. As above indicated the scale of reduction would be very different in the various countries which at present are nominally maintaining a gold standard. Some countries might be tempted to go too far in reducing their gold parities in order to secure a margin of safety. Such procedure would probably evoke counter measures on the part of other countries and the world would again

witness a ruinous competition in the undervaluation of currencies. In order to obviate such competition the countries should come to an agreement with one another in regard to the rates of exchange which would correspond most closely to the present internal purchasing power of the currencies and which therefore should as far as possible be fixed. This is a difficult problem and nothing more than approximate solutions can be claimed for any solution. Nevertheless the problem must be solved. The goal in view is of such extreme importance and the risks involved by further delay are so great that all countries must be prepared to make the necessary sacrifices.

Should such an adjustment of the external values of the currencies to something like a real equilibrium actually be attained it would without the slightest doubt be accompanied by a great revival in the commerce of the world. The present paralyzing pessimism would be transmuted into an optimism which might serve as a basis for a real regeneration of the world economy. For the sacrifices which might possibly have to be made abundant compensation would thus be offered.

The B.E. Economic and Commercial Gazette Leipzig dated 17th December 1931 writes: Sugarcane was used hitherto principally for the recovery of sugar and the residues from the process of production were generally scrapped. After many years of experimental work German chemists have now succeeded in recovering from sugarcane a material which appears to be destined to give more body to the coffee as a beverage and as a matter of fact improve its taste without impairing the aroma. The great advantage for the user of this new material is that the new supplementary ingredients are dissolved entirely and leave no residues behind. This is to imply that one gram of the new admixture is capable of replacing no less than 5 grams of coffee without weakening the finished beverage by the additions. The new material if added at a certain percentage to the coffee beans allows to produce a highly palatable coffee like beverage. The many technical difficulties in the past appear thus to have been overcome and the manufacture of this new material is intended to be taken up on a large scale. Authentic reports received at this office aver that the new sugarcane coffee is to be exhibited and placed on the market in large quantities at the coming Leipzig Spring Fair in the first week of March.

The Federation of British Industries as a result of the recent Mission to the Far East has appointed a committee to maintain contact with the committee already appointed by the Japan Economic Federation in Tokyo. The aims of the two committees will be to consider jointly the problems affecting the general industrial relations between Great Britain and Japan and to offer their good offices to any individual industries which may desire to enter into discussions with a view to a solution of the problems which confront them. The composition of the F.B.I. committee is — Lord Barnby (*Chairman*) Mr R. W. Allen Sir Arthur Balfour Sir George Beharrell Mr D. P. Boyle Lord Cavan Hardy Mr J. J. Edmondson Mr Frank Farrell Mr Guy Locock Sir Harry McGowan Colonel Morcom Mr Juhan Piggott Sir Charles Seligman and Mr W. J. U. Woolcock.

Mechanized Utopias of cheap food and easy virtue like the proletarian paradise of Lenin or the Universe Limited of H. C. Wells if achieved will be perfect like Orlando's mare only they will have the one defect of being not alive. They will not contribute to the building up of human personality.

SIR S. RADHAKRISHNAN

Mysore Motor Vehicles Bill.

By The Editor

The Mysore Motor Vehicles Bill which was discussed at some length at the last session of the Mysore Legislative Council is a measure of more than ordinary importance and as such deserves reasoned consideration. The measure aimed at closer State control provides for a better co-ordinated policy, recommends a central authority of control, abolishes the running of toll gates and fixes a reasonable scale for the taxation of vehicles. To those who remember the Final Report issued in January 1931 of the British Royal Commission on Transport it will seem strange that the transport problem in India should still prove a matter of difficulty. Among the more noteworthy recommendations made by that Commission are some which show the general trend of modern opinion on this all important subject which is so closely connected with the economic well being of the country. The principal of these take note of the fact that transport of all kinds are closely connected with each other and should be considered as one connected whole. Thus under Rule 14 one recommendation suggested the general revision and lowering of railway fare. To attract custom the Commission suggested a statutory obligation to provide a seat for each passenger at the starting station, of main line trains and the taking of necessary steps to find seats at stations en route. Also recommended that excursion tickets should be freed from irritating restrictions. As regards highways while the formation of new arterial road was discountenanced more by pass roads widening of existing roads improvement of road junctions strengthening of bridges freedom of toll roads greater provision of foot paths and the abolition of level crossings were recommended. As to motor taxation the duty on vehicles exceeding four tons was to be increased steel tyres to be abolished and licensing of road haulage contractors at £1 per mile was suggested. As to tramways it was laid down that no more were to be constructed. Trams indeed are to disappear gradually. Finally, as to canals certain of these should be rationalized and improved. The whole idea underlying the recommendations is that the whole subject of transport is to be treated as one connected matter and in a manner that might serve the country's needs in the most economical manner. Anything in the shape of legislation that helps towards this end should

we think be welcomed. In the conditions we find ourselves to-day could any one say that the position existing at present is either economical from the country's point of view or profitable from the individual point of view.

PRINCIPLES OF THE BILL

We accordingly approach this Bill from a point of view somewhat different from the generality of its critics who have opposed it. We feel it meets a situation which has well nigh become in one sense intolerable. It is in my opinion a regulating measure. It seeks to regulate competition rates and the uses to which the different types of vehicles can be put. The Report on which it is based analyses in a series of propositions the behaviour of road traffic the extent that various sorts of vehicles and road conditions affect the movement and speed of traffic and the means whereby road traffic may be expedited to the benefit of all parties concerned—the Government the local bodies concerned the owners of vehicles and the people. The prosperity of bus owners is not the only thing meriting consideration. There is evidence enough in the remarks offered by Honourable Members of this House, who have spoken on it that the objectives aimed at by this Bill are not clearly understood. There was a suggestion that the bus industry would be killed. Can it be? If fierce competition can not kill it can regulation in the interests of the very owners themselves destroy it? Every new measure is in a sense not welcome to some but a little reflection will show that the conditions present to-day are such that it would be no exaggeration to say that if they were further countenanced they would ruin many more bus owners throughout the country than raise them to prosperity. Some methods of calculating the effects of different vehicles, conditions and policies have been for some time now a great desideratum and any scientific form of treatment of the whole problem must certainly prove of increasing value with the growth of pressure upon the traffic arteries of the whole country. Rail Road competition has raised a problem by itself. It cannot be denied that Railways take a long time to build up traffic routes and the capital invested on them takes a considerable time to fetch adequate returns. Surely it ought to be in the interests of the general tax payer from whose pockets this capital invested has come to see it yields

a reasonable return. If competition is to divert the traffic that should flow into the Railway system of the land is not some regulation necessary? Apart from that do not bus owners themselves require some guidance by which they can steadily build up their prosperity? More than all, are the country's needs in the matter of development to be sacrificed to the supreme interests of individuals? These are some of the points which are attacked from a helpful point of view by this Bill. We for one cannot deny that if our roads are to be utilized to the maximum public advantage considerations of free movements of vehicles must frequently be subordinated to those concerned with ensuring with the prosperity of the country as a whole the safety of all users of the roads, the provision of adequate economical and speedy passenger transport and economical goods distribution. The conflicting requirements of different interests make compromise frequently necessary. It is therefore necessary that the whole problem of road traffic of the country should be approached from the widest angle and with a proper appreciation of the economic aspects. That is what this Bill has done. If the public looked into the history of this measure as set out in the Todhunter Committee Report they would see how broad based their views have been. They display in our opinion a thorough grasp of the whole traffic problem of the country. A Bill based on such a comprehensive study of the position as it obtains to day cannot be discarded. The Bill in its proposals and suggestions follows a definite practical and constructive method and it envisages many useful expedients for improving traffic flow in a manner that is bound to advance the true interests of the public in the general use of the roads. Of course it is needless to say that they do not represent what are called popular opinions on the subject.

GOOD POINTS IN THE BILL

The good point about the Bill is that it attacks what is commonly called the transport problem of the State in a bold and in what seems a comprehensive manner. It seeks *trier alia* to deal in a fair spirit of compromise the three inter-related topics of facilitating the movement of public and private vehicles on roads, reducing the loss of life and limb through accidents caused by fierce competition inducing uncontrolled speed and providing efficient public passenger transport by road and rail.

From one point of view, the public will welcome Clause 5 which in prescribing the duties of

1 Board seeks to empower it to hold inquiries
2 the case of accidents in addition to those
3 instituted by Police or other authorities
4 the growth of traffic is undoubted and he
5 would be a bold man who would say that it does
6 require regulation. The number of vehicles
7 registered in this State in 1932-33 was 4,989
8 against 4,323 in 1931-32 the number of
9 vehicles newly registered rising from 260 to 667.
10 Private cars increase in numbers more
11 rapidly than commercial vehicles whilst more
12 buses, coaches and taxis have shown
13 tendency to remain stationary. Competition
14 is not induced to regularity either in the
15 use of traffic or in the developing of it on
16 main lines. Undisciplined bus operation
17 is the principal reason for this result which has
18 meant no profit to the country to the bus
19 owners. While there has been no exploitation
20 certain areas there has been too much of it
21 others. When traffic in this State is admini-
22 strated by competent authorities such as the
23 Board specified for by this Bill in the interests
24 of the public, and not by non technical bodies
25 operations of this type which neither add
26 to the prosperity of the bus owners nor to
27 that of the public are likely to be checked in
28 the manner called for with resulting advantages
29 to the general interests of the country.

The whole question reduces itself to this. Does the Bill make for efficient public transport? That in my opinion is the essential test of its utility. American experience has definitely shown that the utility of public transport service in growing communities is not diminished by intense automobile development and that such development is possible only when it is well regulated by a competent authority. One Honourable gentleman suggested that the Bill would kill road services. We suggest whatever else the Bill may or may not achieve this Bill cannot but have that effect. Efficient and adequate road services are essential to this State whether or not railways are available in certain of its areas. Neither be it remarked are alternatives. Short distance passengers cannot be diverted to railways no matter how efficient. And in developed rural areas frequent bus services will perhaps of necessity parallel railways to carry the intense short stage traffic developed. The Bill before us provides for this development. But what seems most essential from the public point of view is this. We should aim at a well conceived scheme of non competitive operation of our roads and railways. The most efficient use of roads is, if the Report is anything valuable at all,

impossible unless all the road and rail facilities are co-ordinated, preferably on the basis of a system which is both simple and regulative in character. Competitive working has proved itself emphatically inimical to both traffic efficiency and national prosperity. This is as stated by the Honourable the mover a co-ordinating measure. A measure which aims at co-ordinated operation facilitates traffic (1) permitting alterations of service routing and frequency to ease congestion without the restraint of revenue considerations (2) diverting all such traffic to railways as is reasonably possible (3) reducing mileage run in congested roads to the minimum, (4) avoiding accidents through racing between competitive vehicles, (5) enabling major changes to be effected with minimum of negotiation and delay (6) permitting the use of the most suitable transport system for the route concerned and (7) organizing the most technical opinion to overcome non technical opposition. High authority is not required to prove that competitive operation may improve vehicles and expedite unprogressive services but the cost of so doing is quite disproportionate to the benefit derived. Road services should deliver traffic to railways and not fill the road with vehicles carrying traffic better carried by rail. Competitive operation has been known to fill busy trunk routes with vehicles until the revenue earned per mile run is barely remunerative. Competition produces racing 'nursing' and soliciting (especially loitering at bus stops), operations wholly opposed to safe and efficient traffic flow. The most deplorable results in fatalities on record have been traced to the competitive system. The occasion is come to do away with it and we should take hold of it in the larger interests of the country.

POWERS OF THE BOARD

The duties and powers of the Board are outlined in Clause 5 of the Bill. The needs of this State require a permanent organization to study its transport problems. So far every one will agree wholeheartedly. The composition of the Board is, so far as it goes, fairly representative of the interests concerned. Perhaps the two City Municipalities may be more directly provided for. But I would like to see it has a traffic specialist or Engineer on it, who can report direct to it. To a traffic committee of representatives of leading road users, local and police authorities, and those interested in the development of the resources of the land and the people, and trading interests as well, such a traffic specialist would prove

invaluable. He would, perhaps, be able to initiate proposals, conduct required investigations, and report on schemes submitted, whilst the Board as a whole would focus criticism, experience and advice and co-operate generally in working out the requisite solutions. But it is, in my opinion, fundamentally unsound for proposals for transport improvement to await the Committee of road users—to certain of whom such may be inimical. Again unconventional proposals are unlikely to carry conviction to the minds of non technical bodies. The need accordingly for a disinterested technician, unconnected with vested rights and privileges, is necessary if the Board is to work to useful purpose. Not that the technical man would always be correct, but his presence insures the Board against errors in technical matters. Where his opinions may seem unsound, there can seldom be any difficulty in following the consensus of technical opinion, by obtaining further advice on major questions.

CHARGE FOR TRANSPORT

Much has been said about the rates of toll, the rate of fee for composition of tolls on motor vehicles, vehicle tax, the road tax, the service tax and the mileage cess. It cannot be denied that these have some bearing on the rates and taxes now in vogue, also that they bear some proportion to the yield derived from them. It comes to this that the rates proposed reflect to some extent the income derived. The income derived has a bearing on the actual charge for transport by the carrier. The ultimate factor which fixes the rate of taxation is thus the charge for transport incurred. Experience has shown that control of transport has resulted throughout the world in a continuous decrease in the charge of transport. For instance in the case of railways, it has been so. When they were first put to use, it was considered impossible to carry at $1\frac{1}{2}$ d per ton mile without serious loss. About 1875, most of the railways of the world carried at about $1\frac{1}{2}$ d per ton mile. By 1900, the average rate in advanced European countries ranged from $\frac{3}{4}$ d in France and $\frac{3}{4}$ d in Germany to less than $\frac{1}{2}$ d per ton mile in the U.S.A. In keeping with these reductions, was noticeable a diminution to the railways in the cost of producing the service. This decrease was actually greater than that in the charges made to the public. Economists are unanimous that if a country is to be built upon sound lines, the cost of transport should receive primary attention. What does after all transport aim at? It

endeavours to render more efficient the instrument by which man or material can be moved. In modern times there has been an intensified tendency to reduce the cost of transport. The more forward the country the greater the effort on its part to achieve this result. The reason for this is evident: to transport the raw material to the manufacturing centre or the manufactured article to the consuming areas. The greater the importance attached to this prime necessity the greater the tendency to annihilate space and time those great handicaps to industrial development. In the phraseology of the economist this means nothing more than a series of attempts to bring down the cost of transport. Cheaper transport means more land under cultivation—land which could not otherwise remunerate the cultivators without a rise in price. That

not the opinion of the man in the street or of an orthodox economist like Mill. What are our critics to say of this? Do they want the cultivator to increase his earnings and not put up for ever the cost of transport and make land development impossible? Or do they mean cheapening of transport and at the same time the prosperity of the farmer? More than this it must be said that mechanical processes of manufacture are all but impossible in a country if its transport system is inefficient and does not keep pace with her production. Thus cheap transport which cannot be had otherwise than by co-operation and development of both agriculture and industry. None of the critics of this Bill can say that both of the kinds of development he badly needed to-day in this State.

Mr. Lloyd George's 'New Deal.'

By C. V. H. Rao, M.A.

Mr Lloyd George the Welsh Wizard has literally taken the National Government and the British nation by storm by announcing his programme for a New Deal for this country. Mr Lloyd George has been working at his scheme for quite a long time and has secured for it the co-operation and support of some of the leading politicians, economists and newspaper magnates. Lord Snowden the ex Labour Chancellor of the Exchequer, and Lord Beaverbrook and others are reported to have had a hand in hammering out the scheme into shape. Behind the entire programme there also appear the hand and the brain of Prof Keynes who recently paid a visit to the United States and while there studied the Rooseveltian New Deal in all its aspects. That Mr Lloyd George's scheme follows in the essential details of the National Recovery Administration of the American President lends further colour to the presumption that its main inspiration came from America.

NO PARTY LABEL

Mr Lloyd George has queered the pitch for the National Government by declaring that he intended to carry on propaganda in the country in favour of his New Deal. While dissociating himself from all party affiliations and announcing that he is willing to accept the assistance of any party he has been able to enlist the sympathy and interest though not as yet the active support of the Labour Party by the inclusion in the programme of one

of the principal points of the Labour Party programme—the nationalization of the Bank of England. The Labour Party may not endorse every one of the points in Mr Lloyd George's scheme but that a socialistic touch is inevitable and inherent in every scheme of economic reorganization as it is in the scheme of the ex Liberal Premier is a fundamental thing to be remembered.

PRINCIPAL POINT

The chief points in his programme have been expounded by Mr Lloyd George in his speech at Bannockburn and they are (1) the revival of British agriculture and the reorganization of British industries (2) an extension of the programme of public works for relieving unemployment and the flotation of a property loan for the purpose (3) the reconstitution of the directorate of the Bank of England so as to bring the bank into greater touch with public opinion and (4) the constitution of a small inner cabinet on the lines of the war cabinet to be continuously in session for the drawing of plans for industrial reorganization. It does not need much courage to say that no claim to originality can be put forward on behalf of any of the proposals except perhaps the one relating to the establishment of the Cabinet committee. The rest are either borrowed from the provisions of the American New Deal or from the programmes of the political parties in England not excluding the Liberal Party.

MIXED RECEPTION

The reception accorded to his opening campaign is of a mixed character and ranges from cheap ridicule to unhesitating approval. Among the former circles it is considered that the New Deal is only a reshuffle of the contents of the *Liberal Yellow Book* which was published in 1929 and was followed by such a terrible debacle of the Liberal Party. While the Liberal press including the *Manchester Guardian* and the *North Chronicle* extend to it an enthusiastic reception out of party loyalty the *Daily Herald* which represents the Labour Party is apprehensive that it may take the wind out of the Party's sails by dishing Labour principles in a new and acceptable garb. Lord Snowden welcomes the proposals in a letter he wrote to the ex-Premier in which he condemned the complacency and timidity in the face of grave evils which if continued would bring grave disaster. He thinks that they would be able to solve the problem of the revival of industry and abolition of unemployment.

NATIONAL GOVERNMENT'S MISTAKE

The mistakes of the National Government may, however, prove to be the favourable inputs for the programme of Mr Lloyd George. The National Government has not been successful on account of its haphazard method of tackling the industrial and economic situation to do much beyond securing a temporary resurgence from the consequence of the depression. They have not been able to devise any permanent remedy for the reduction of the unemployment menace and a policy of protection has been adopted which has as its main basis the subsidizing of industries and the coercion of

colonies and dependencies into a system of imperial preference much against their will. Under the circumstances the Nation has reason to look forward to a new programme which has the characteristic of being able to catch the eye. It is a tribute to the foresight and sagacity of Mr Lloyd George that he has selected a psychological moment for the launching of his campaign. There can be no doubt therefore that the electorate will tend to view with favour a scheme conceived by a dynamic individual like the Welsh Wizard as a method of escape from the persisting evils of economic disequilibrium and unemployment.

USING TRIFFS TO BRITAIN'S ADVANTAGE

Mr Lloyd George has it may be said in conclusion been playing his cards with great skill till now as can be seen from his readiness to use Britain's tariff arrangements to advantage in resuscitating world trade. Without professing to abandon his free trade principles he has stated that he would secure recognition for them via the protection policy of the Tory dominated National Government. There is no gainsaying that under the present scheme of affairs unadulterated free trade has very little chance with each country barricading its industries by the high walls of protection. If free trade should have even the ghost of a chance it is only by means of an international agreement in the securing of which Britain can play a leading part by utilizing her protection policy as a bargaining weapon. The progress of Mr Lloyd George's campaign will from various points of view be followed with interest by practical administrators as well as students of economic movements.

A word may be added to the trend of modern technical progress in brick making. The oldest of the world's industries. Clay excavation is now possible by mechanical means at one fifth of the cost of hand digging. power is available by means of either electrical current or the crude oil engine at one third the cost of inefficient steam engines and drying may be carried on entirely by means of waste heat of continuous kilns at no cost—a result attained in no other country than Great Britain. Handling of the unit brick is replaceable by means of mass transport even during manufacturing process. The process of burning the bricks has been revolutionized in regard to speed of output. It may be completed in two days as against two to three weeks in the

tunnel kiln to which also mass handling is applied to immense advantage. Other types of continuous kilns are speeded up by means of mechanical draught so as to turn out the finished article in half the time previously occupied. The adoption of a lay out embodying the technical advances enumerated above results in very greatly improved texture and finish of the bricks with but a negligible amount of waste. Bricks are not touched by hand until completely dry and ready for stacking in the kilns for burning. It will be realized from what has been said that the important economies effected in the cost of manufacture by a modern equipment on a reasonably good scale now far outweigh the somewhat increased capital cost.

Cattle Breeding in Mysore.

By Rajasabhabhushana Thamboo Chetty, B.A.

In a State like Mysore which is vastly agricultural, especially under conditions which have not yet admitted the more modern and mechanical improvements in husbandry cattle is vitally connected with almost every problem of Rural economy and any effort to improve the breed or the ultimate utility of cattle is directly a step towards the enriching of the rural and agricultural wealth of the State.* It is therefore a matter of immense satisfaction that the Hassan Municipality have organized every year this cattle show, one of the biggest in the State and that its labours should tend to make this show year by year, more attractive, more educative and above all more useful. It is particularly gratifying to note the enormous success of the *yatra* this year as eloquently testified by the facts that as many as 50,000 cattle have collected here and that transaction extending to over Rs. 3,00,000 have been effected. I offer my very sincere congratulations to the Municipality, and I wish that their efforts in future years will continue to be crowned with increasing success. I also hope that time, propaganda and experience will bring home to every villager the real significance of this mission and that he will gradually derive from this annual *yatra* the fullest benefit that it offers.

Cattle breeding should have a two fold object. The first is the breeding of good bulls, for purposes of agriculture and the second is the breeding of good milch cattle in order to improve and enlarge the milk supply of the country. The *yatras* that have been held in the State recently have been conspicuous for the exhibition of draught bulls and whilst we must congratulate ourselves on this achievement which commercially and economically, has been of paramount importance, we should also endeavour to encourage and stimulate in all possible ways the breeding of good milch cattle. Milk is an exceptionally valuable food product and it has been found to be among the richest in vitamins of all foods. It is an essential nutriment for infants and children and any neglect of its source and supply tends to diminish their vitality and good health. Ill fed children, if they survive at all, make weak

and unhealthy adults so that it is obvious that the ultimate evil is far wider than merely economic. The problem of milk supply therefore is always of the highest importance in every country and its concern should not merely be local but national. The public opinion in India is becoming increasingly alive to the need for adequate supplies of wholesome milk for the general improvement of the health of the people. The establishment of a milk supply coping with the needs of the country is in Mysore still a dream of the future. One of the fundamental principles which should underlie the solution of this problem is to encourage the breed of cows which are high yielders of milk and not to increase the number of cows of inferior quality, the cost of whose maintenance is found to prove unduly burdensome. The *yatra* by encouraging the breeding of the right type of milch cattle will be laying the foundation to a most humane scheme which I hope to see progress almost to perfection.

There may be doubts in the minds of some of you whether the indigenous cattle are sufficient in stock and strength to provide good results in the breeding of milch cattle. I can say at the outset there is hardly any justification for this pessimistic view. A series of experiments have been carried out in the Palace Dairy Farm at Ravankere and the results are strongly in favour of indigenous breeding. It has been proved very successfully that the Amrit Malal Cattle which herd on account of its bulls, have earned a high reputation in several parts of India as equally amenable to the breeding of excellent milch cows. When the dairy was first started the Mysore cow was at a disadvantage and experiments were tried with imported Sindh cows and Holstein bulls. The result, although satisfactory in respect of a higher yield in milk was a complete failure in that the calves on account of poor stamina and high susceptibility to disease, were of little practical use. Last year an experiment was tried with purely Amrit Malal cows brought freshly from the Karals. The statistics of the milk yield proved that a herd of the number at least gave as much as the imported Sindh cow. The Agricultural Department has also started an experimental farm at Parvatarayanskere near Kadur, and the results are reported to

* Part of a Speech made at the opening of the Twenty-sixth Annual Cattle Show at Hassan.

be very encouraging. These are indications of the enormous success that can be achieved with Amrit Mahal cows alone, with judicious selection and careful breeding. The experiment also revealed another fact which may be of interest to you. Following the practice in vogue in the Amrit Mahal Department the Palace herds were usually taken wandering from kaval to kaval all through the year. This resulted in poor and late calving and a rather high mortality among the calves. It is now arranged to keep the herd stationary in selected kavals with grazing and watering facilities and the change for the better as a result has been striking. I hope these facts will impress upon you the possibilities in Mysore for indigenous breeding, and that public and private enterprise will not be wanting to exploit these possibilities to the fullest extent.

May I before concluding, make one or two practical suggestions, although I confess I have given the subject more concerned than studied attention. In the first place I should like to see cattle breeding pass from the experimental stage to a real occupation by the villager in his own surroundings. You will remember that the Royal Commission on Agriculture considered the cattle position in India unsatisfactory and recommended the adoption of special measures to improve it. What greater impetus can be given to these recommendations than that cattle breeding on right lines should form a subsidiary occupation in rural areas? I suggested that in localities where grazing and drinking facilities are available three or four villages situated in close proximity may combine and start a breeding farm. The maintenance of such a farm will not overtax their means as they have their own grazing lands and their own cattle sheds. All that will be needed in the initial stages will be instruction in the more technical points of breeding and I am sure the Government Agricultural Department will be only too willing to advise and supervise the working of these farms. It is advisable that these farms should be on a co-operative basis. I understand that in Switzerland there are over a thousand of these societies and that they have been essentially responsible for the country's pre-eminent position in cattle rearing in the whole world. With sound education and friendly co-operation, these village farms ought to produce cattle—both draught bulls and milch cows—which fetch good prices in the market. There is, undoubtedly, plenty of room for the improvement of the ryot's prosperity in this direction,

and it is only fair that he should receive the fullest facilities, and active encouragement from the State and other public bodies, interested in rural problems. Another matter which should also engage serious attention is the growing of nutritious fodder crops and their proper storage, which are important branches of cattle rearing. Village Panchayats might well encourage the formation of sites for the preservation of ensilage. Lastly, I would also suggest the opening of Village Dairy Farms with the help of Village Panchayats. Our cities and District Headquarters towns are growing and there is an increasing demand for milk. The health of the children, as I have already remarked, depends on an adequate supply of milk and milk products. Thanks to the improvement in communications due to motor bus services, it is now possible even for distant villages to market their dairy products in cities and towns with the minimum of trouble and expense. These dairies may well form centres for the practical demonstration in the advantages of adopting labour-saving devices such as the butter making machine and also in the use of sanitary utensils in the place of brass vessels which impart to the milk a disagreeable metallic flavour and of mud pots which cannot easily be cleaned and kept in a sanitary condition.

In these matters, as in everything else, the gradual education of the ryot is the chief need at present, and I have no doubt that the organisers of these *yatras*, who have primarily at heart the good of the people, will gradually enlarge their sphere of education, and usefulness, and thereby earn the gratitude of the State and the people, for the immense good that they have set out to do, and have so far done.

The Dagenham Estate on Thames side has been created by the enterprise of the Ford Motor Company, Limited. What six years ago was an area of marshland is now the site of a great up-to-date motor factory and the scene of constantly increasing activity. The estate covers 600 acres and is less than 12 miles from the heart of London. It is situated on the main London Tilbury Southend road and is served by the LMS and District Railways. There are first class well lighted and kerbed roads, electrical energy for light, power, and heat is supplied at competitive rates by Ford Motor Company, Limited, gas is also provided, and there is ample water obtained from wells on the estate.

Recent Industrial Progress of Mysore.

By C Ranganatha Rao Sahib, B A, B L,

Trade Commissioner for Mysore London

I am greatly indebted to Sir Atul Chatterjee for his suggestion some months ago that I should read to the Society a Paper on the Industrial Progress of Mysore*. The subject was last under your consideration in May 1925 when it was brought before you by Sir Alfred Chatterton who was connected with the State for several years as Director of Industries and Director of Sandalwood Oil Factories. From Sir Alfred I learnt a great deal in regard to matters connected with industrial development in India while associated with him as Secretary to the Mysore Industries and Commerce Committee twenty-two years ago and later when working under him as the first superintendent of the sandalwood oil factory whose phenomenal success led one of the members of the Industries Commission to call it a factory for distilling dollars. While it is a great privilege to follow Sir Alfred it is also somewhat dangerous for my unskilful performance is liable to be compared with his brilliant one. The interest and importance of the subject at the present time—when discussions go on as to how far the grant of self government to India is likely to lead to the betterment of the masses—are my only excuse for accepting the invitation to read a paper.

As Sir Alfred Chatterton dealt fully with the industrial progress of the State up to the date of his address I shall deal mainly with the industrial development during the subsequent ten years referring to matters of the past only to the extent necessary to render the paper self contained.

GENERAL FEATURES

Something should be said at the outset of Mysore its physical features area and population the chief occupation of its people the crops they grow and their irrigation resources.

The State is situated in the South of India and lies on the triangular plateau between the two great mountain ranges the Western and the Eastern Ghats. The general elevation ranges from 2 000 to 3 000 feet above sea level. The State is bounded on all sides by British India and has no outlet to the sea which is

about 100 miles distant from its extreme western border and about 120 miles from its eastern boundary.

Mysore has an area of 29 326 square miles and is divided into two regions of entirely different character—the hill country called Malnad on the west and the open country called the Maidan on the east. The Malnad ending over 9 500 square miles is characterised by mountain scenery of great beauty with a heavy rainfall exceeding 350 inches per year at its extreme west. It is sparsely populated and covered with high forests. The more open country towards the east presents the greater part of the State and comprises wide spreading valleys studded with towns and populous villages.

The population according to the 1931 census is 6 517 302. There are three cities with about 100 000 inhabitants of which the largest is Bangalore the headquarters of the administration with a population of 306 470. Bangalore has an area of about 25 square miles of which about 14 square miles have been assigned to the British Government and are administered by the Resident in Mysore without prejudice to the sovereign rights of the Maharaja. The surplus revenue of the assigned tract after meeting the expenses of the administration are handed over to the State.

Apart from three relatively large centres of population namely Bangalore Mysore and the Kolar Gold Fields area there are 105 municipal areas with populations ranging from 23 000 to just under 1 000 grouped in the Census Report as urban areas. The total urban population of the State is 1 045 042—about 159 per thousand of the population.

The rest of the population namely 5 512 260 is distributed in 16 483 villages. 812 out of every 1 000 of the villages have a population of less than 500. The proportion of the rural population living in the smallest villages—those with less than 500—is 494 per 1 000. I may point out that Mysore has a higher proportion of urban population than the neighbouring Madras Presidency, namely, 159 per 1 000 as against 139 in Madras.

Of 10 000 people 4 554 are workers and 5 446 are dependents. The workers are distributed in the following occupations—

* Paper read before the Royal Society of Arts January 25 1935. Communicated by the Secretary to the Society.

(1) Fa ture and Agriculture	3 474
(2) Exploitation of Minerals	18
(3) Industry	3 9
(4) Transport	39
(5) Trade	201
(6) Public Force	26
(7) Public Administration	50
(8) Professions	55
(9) Miscellaneous	379
Total	4 254

The population is almost equally divided between the two sexes. There are however 505 000 literate males to 89 000 literate females. Omitting children under five years 106 per 1 000 of the population are literate—174 per 1 000 of the males and 33 per 1 000 of the females.

Hinduism is the predominant religion having more than six million adherents. Muhammadans numbering under 400 000 and Christians not quite 85 000.

The most numerous caste among the Hindus are the Vokkaligas the cultivators who number 1 912 000 and the Idi Karnatakas who would ordinarily be classed as untouchables amount to just over 1 000 000.

Of the total area of 18½ million acres about eight million acres are under cultivation the average of each holding is 7.79 acres. The majority of the holdings vary in extent from five to fifty acres. The remaining cultivable area not yet taken up does not exceed 900 000 acres and is of poor quality. The forest area of the State is about 2½ million acres and the balance comprises territory of which no economic use can at present be made.

The Mysore plateau enjoys the benefit of both the monsoons which bring rain clouds to India the first monsoon called the southwest arriving about the middle of June and the second named the northeast in the middle of October every year. The heaviest fall is over the Malnad ranging from 50 inches at the eastern end to over 350 inches at the western extremity. The normal average over the more extensive plain country is about 30 inches although near the eastern border of the State there are villages which do not receive more than 10 inches during the year.

Mysore possesses a highly developed system of irrigation most of the rivers more particularly the Cauvery providing water to an extensive area of irrigated lands by means of channels drawn from immense dams which retain the water at a high level and permit only the overflow to pass down the stream. Exclusive of channels drawn from the larger rivers nearly every important watercourse

or valley cutting through the plateau has been embanked at convenient points in its length to provide a series of reservoirs the overflow from one providing the source of supply to another situated lower down the valley so that there are at present 23 434 tanks or reservoirs of water in the State. Very great care is taken to keep the tanks in repair as the economic welfare of the farmers is so largely dependent on irrigated crops. The average annual expenditure on irrigation works is Rs 8 lakhs.

The extent of irrigated land and the sources of water supply for the year 1932-33 are as follows—

	Area in acres
Government Channels	147 353
Private Channels	3 238
Tanks	602 158
Wells	8 471
Other Sources	215 402
TOTAL	1 035 632

The chief crops irrigated are rice 770 277 acres sugarcane, 42 093 acres mulberry 31 407 acres.

CONSTITUTION OF THE STATE

In endeavouring to provide a background to survey the recent industrial progress of Mysore it is desirable to say a few words on the present constitution to explain the part the people have taken in their own industrial progress. All authority in the State is legally centred in His Highness the Maharaja and is exercised through the appointed legislative executive and judicial bodies. The Legislature whose recommendations need the signature of His Highness before they can become legal enactments consists of two Chambers called the Representative Assembly and the Legislative Council. The Representative Assembly consists of 250 to 275 members of whom 180 to 200 are elected from rural and urban areas there is a certain latitude as to whether the number from urban areas should be 30 or 50—and the rest are either elected by or nominated to represent special constituencies or minority communities. Women are entitled to the vote. No new tax is imposed without consulting the Assembly. This body has the right to move resolutions on the budget and the legislative programme of the year is placed before it and the general principles of Bills are considered. The Dewan is the *ex-officio* president of the Assembly and the other Ministers are *ex-officio* vice-presidents.

The Dewan is also the president of the

Legislative Council and the other members of Government are *ex officio* members of the Council. There are 50 additional members of whom 10 are elected non official public men and 20 are nominated officials. Among the elected members are representatives of the planting community, the Gold Fields Mining Board as well as a member for Labour.

The Council has power to consider the enactment of laws except on matters relating to the Ruling Family relations with the Paramount Power etc. It can discuss the budget and vote on demands for grants by Government departments. The best commentary on the Mysore Constitution is that contained in the Address of His Highness the Maharaja delivered on March 12th 1924 when inaugurating the reconstituted Representative Assembly and Legislative Council. His Highness said: "It has been deemed necessary to maintain the character of the Representative Assembly as essentially a body for consultation and reference as well as representation directly voicing the needs of the people and with a constitution sufficiently flexible to expand with the expanding political consciousness of the people leaving to the Legislative Council the more formal work of legislation and other functions usually associated with such bodies."

In his final exhortation to the two Chambers His Highness used the word which the experience of the last ten years shows to have been prophetic. You will find yourselves exercising a considerable frequently a decisive influence upon the policy of Government. Not merely your resolutions but all that you urge in debate will be of high importance. I would have you apprehend with mind and heart this vital fact that the interests of Government and people are identical. The happiness of the people is both the happiness and the vindication of Government. Any difference of opinion between the executive and yourselves—and such differences naturally occur in all lands and all along the road of progress—can refer only to the means never to the end. You can count upon responsiveness and goodwill in Government so they certainly count upon them in you.

The Executive Administration consists of the Dewan and two members of Council. The Judicature consists of the High Court of Mysore constituted in accordance with Regulation I of 1891 as amended by later Regulations enacted in 1890 1903 and 1905. The High Court is the highest tribunal of

civil and criminal appeal reference and revision. It is presided over by three judges and exercises supervision and control over subordinate Courts in the State.

The personality of the Maharaja who watches with unremitting care over the welfare of his people is best expressed in an English sentence in the words of Sir Stuart Fraser who was tutor and Governor during His Highness's boyhood and later Resident in Mysore. The Maharaja of Mysore is not one of the Indian Princes whom visits to England have made familiar to the British public. In India there is no member of his order whose constant record has earned higher universal respect and ties of more lasting friendship with a succession of Governors and Viceroys. It is permissible to believe with the members of our Royal House who have honoured Mysore with their presence.

Since the immense majority of the people live in villages the Government have always worked in the belief that a stable and successful rural economy should be based on improvement in the welfare and education of the rural population and the increase in its purchasing power.

(1) *Village Panchayats*—An important agency in village self government are the village panchayats of which there are 11,259 in the State. These bodies have been empowered under law to levy obligatory as well as optional taxes for the welfare and improvement of the village. The total collections made by them during the past year amounted to Rs. 920,000 and this was supplemented by Government contributions for works relating to village improvement and provision of drinking water supply to the extent of Rs. 1,50,000. The panchayats are engaged in a variety of work for raising the standard of welfare and improving the amenities of the villages. Many of them stock and sell improved agricultural implements, purchase and maintain breeding bulls, manage schools and temples and even arrange for the supply and distribution of electric power where it is possible to obtain it. Seven villages in the Mysore district were supplied with electric power last year and proposals for supplying six more are under consideration.

(2) *Improvement of Cattle*—The Mysore farmer takes great pride in his draught cattle and numerous cattle fairs are held all over the State, mostly in association with temple festivals, where extensive business in the purchase and sale of cattle is carried on. The

farmers in the neighbouring districts of British India come to the State for buying their draught oxen and a large export trade is done. Mysore is noted for an excellent breed of draught cattle named the *Amrit Mahal* which in former days won the appreciation of Sir Arthur Wellesley later Duke of Wellington for transport work in the wars against the Mahrattas in the early years of the last century. This breed has now been transferred to the control of the Agricultural Department and breeding bulls are supplied from the stock to village panchayats for improving the village cattle.

The scrub bulls in the villages are castrated by the veterinary inspector and the Department maintains a demonstration class where men from the panchayats may be trained for this work. The Director of Agriculture estimated sometime ago that a yearly supply of 4 000 breeding bulls was necessary to meet the needs of the State and the existing agencies were able to supply one half the requirements. The Department's herd of *Amrit Mahal* cattle is being expanded as rapidly as possible to meet the deficiency.

A Serum Institute has been established for the manufacture of vaccine and sera against cattle disease. The products turned out are in great demand in and outside the State. The Institute realized a revenue of Rs 130 000 last year against an expenditure of Rs 90 000.

(3) *Co-operation and Land Mortgage*—The Co-operative movement was instituted in the State in 1905. Since its inception it has progressed steadily and a Registrar of Co-operative Societies is appointed to supervise the working of the societies and ensure their expansion on sound lines. At the end of June 1934 there were 2 088 societies with a membership of 149 000 and a total working capital Rs 21 lakhs. The deposits of the societies amounted to Rs 111½ lakhs and their total turnover to Rs 670 lakhs. A Land Mortgage Bank was started by Government five years ago to supply facilities for long term credit and a retired Minister of State Mr Srinivasengar is acting as Chairman of the Institution in an honorary capacity. It has fifteen mortgage associations distributed in different parts of the State affiliated to it and has so far sanctioned 285 loans for an aggregate amount of Rs 419 000.

(4) *Agricultural Improvement* Besides supplying breeding bulls the Agricultural Department supplies improved agricultural implements superior strains of seed for cultivation and carries on the demonstration of modern

agricultural methods in Government farms and on the lands of the farmers. The total value of seed and implements sold by the Departmental Depots in 1932-33 was Rs 117 895. Improved ploughs sold amounted to 1 015. They were manufactured in the workshop of the Industrial Department and the steel parts are obtained by mail from Sheffield. It is estimated that over 20 000 improved ploughs are in use in the State which, it must be admitted are hardly adequate for the needs of a progressive agricultural community.

As their manufacture has now been successfully initiated in the Government workshop as well as in a private workshop in Hassan a rapid increase in their number is likely. In the newly planted sugarcane areas which have sprung up under the stimulus of the new sugar factory to which reference will be made the old wooden ploughs have all been completely eliminated and all the ploughs in use are improved steel ploughs.

(5) *Rural Electrification and Industries*—The Electrical Department of the State has for the past eight years organized a scheme of rural electrification whereby power is supplied to irrigation pumps weaving and other industrial plants and electric lighting to towns and villages. The total expenditure on the scheme amounts to Rs 20 43 000 and most of the towns and several of the more important villages in the south and the south-eastern parts of the State have been supplied with electric energy. Although the return does not yet approach 5 per cent of the capital cost the improvement in welfare in the villages more than compensates for the still inadequate money return on the scheme. The total number of irrigation pumps worked with electric energy was 382 at the end of June last. At least half this number have been installed by the Industrial Department in villages where electric energy is not available and the mechanical power for operating the power is provided by oil engines. This Department maintains a staff of mechanics to install not only pumps but other small industrial plants required in villages such as rice and oil mills and groundnut decorticators. This machinery is purchased by the aid of the advances to which reference was made by Sir Alfred Chatterton in his paper read before this Society ten years ago. The number of such installations put up last year was 36 with an outlay of Rs 77 400 and the loans

sanctioned by Government for the purpose was Rs 30 905

(6) *Rural Water Supply*—The Industrial Department also maintains a staff for boring well of small diameter usually of 4 to 6 inches through rock to provide pure drinking water to villages. The researches of Dr Smeeth sometime Director of Geology had revealed that large stores of pure water were available beneath granite rock which everywhere underlies the soil of the Mysore plateau and could be pumped up in quantities which would at least meet the wants of villages for pure drinking water.

When the writer was Director of Industries power drills for putting boreholes through granite were purchased on the advice of Mr Krishna Rao now Sir M Krishna Rao and a number of villages were supplied with boreholes with hand or power pumps for lifting water. Although failures were almost as frequent as successes in some instances unexpectedly favourable results were obtained.

In the town of Tiptur a population of over 5 000 had suffered from scarcity of drinking water for a long time past. As shallow wells did not tap any spring and a scheme for supplying water through pipes from a reservoir with an adequate catchment area was far beyond the means of the Municipal Council four boreholes varying in depth from 150 to 250 feet have been put down and a 35 h.p. crude oil Diesel engine operates a centrifugal pump to an elevated reservoir of 21 000 gallons from which water is supplied by means of pipes to the town. Thirty nine boreholes were put down during last year.

(7) *Subsidiary Occupation*—Industries subsidiary to agriculture are much encouraged so that useful employment may be available when no work is done on the land and the income of the cultivators may be supplemented. Sericulture is the greatest subsidiary industry and about one sixth of the population of the State is engaged in some line or other of this great textile industry. Bee keeping is favoured by the Agricultural Department in the Malnad. The spinning of cotton yarn by means of the primitive spindle called the *charla* and the weaving of cloth from the hand spun yarn was started by the Industrial Department when the writer was Director of Industries nearly six years ago. It was started as an experiment in a remote village where no other subsidiary work was available where raw cotton could be grown with little effort and the memory of the hand spinning of yarn had not entirely died out. I must confess

I had not much faith in the experiment but with the arrangements that had been made or the regular purchase of yarn it succeeded and in a few months every house in the village inhabited mostly by Adi Karnatikas or untouchables had a spindle or two. The earnings for four or five hours work did not exceed a penny. This institution had greatly prospered and during the year 1932-33 Rs 50 000 worth of hand spun cloth was sold. Three more such institutions have been started in other parts of the State.

(8) *Weight and Measures*—Every visitor to India is aware of the bewildering variety of weights and measures in use in ordinary commercial business. The confusion is aggravated because the same name of the units he maund and the seer are adopted both in measurements of weight and in measurements of volume. The situation becomesasperating when the maund and the seer represent different weights or different measures as the case may be in different places and sometimes mean different quantities in the same place in respect of different articles. The Government of India appointed a Committee some years ago to report if some order could be introduced in this inextricable confusion and although the Committee submitted a report it has not yet been considered opportune to take any action. The Government of Mysore has established by law what are to be regarded as standard weights and measures. When the writer was Director of Industries provision was made for the sale of standard weights and measures to the public and the testing for a small fee of the weights and measures in use. The use of standard weights and measures was made compulsory in selected places and their number was gradually increased to 16. So far as I am aware in no other part of India is the use of standard weights and measures compulsory by law.

(9) *Education*—Nearly one seventh of the annual revenue of the State is spent on education. The expenditure last year was Rs 55 30 lakhs as against Rs 53 26 in the previous year. The Mysore Government is determined to raise the standard of literacy as soon as and also as high as possible among the masses of the population. In life, at the same time facilities for higher and University education for the middle and upper classes are provided at very moderate cost. Mysore had the first Indian University outside British India, established in 1916. The total number of educational institutions last year was 6 762 with a total of 297 850 pupils. Education

up to the middle school standard is free and nearly 80 per cent of the pupils in the public institutions belong to the backward and depressed classes. It is a noteworthy feature of the times that girls freely seek admission into boys' schools. Girls are entitled to admission into High Schools at half the standard fee.

MODERN INDUSTRY

I have now outlined the attempts that are being made by the Government to improve the condition of the masses and increase their earning power. It is on this foundation of an economically advancing population that a modern industrial system is being built with the whole-hearted co-operation and active support of all classes of the people.

(i) *Artistic Temperament*—On the 4th of this month His Royal Highness the Prince of Wales opened the Exhibition of Art in Industry at Burlington House, planned by your Society in whose hall I am having the privilege of reading this paper and by the Royal Academy. At the Exhibition I have endeavoured to think out to the best of my ability the lessons it may have for Mysore. The scheme of the Exhibition was evolved with the object of bringing together the British designer and the British manufacturer for the betterment of the taste of the products, and incidentally to improve the taste of the general public.

In a leader on the Exhibition *The Times* of January 5th states: "If all goes well it is not only the consumer who will benefit. The cultivation of beauty in mass production may save no small amount of wasted talent and relieve a good deal of boredom in the workman. Mysore has not reached the stage when its products are made on a scale of mass production. I venture to think that when that stage is reached the lessons this Exhibition has to teach the British manufacturer will not be required. The artistic production of goods no matter how produced—whether by hand or by machinery—is innate in the East. This is so in India as a whole and more particularly in Mysore. The goods produced in Mysore may show defects in craftsmanship, but never lack artistic meaning. When I was Director of Industries the scope of an educational institution known as the Chamarajendra Technical Institute was greatly enlarged and attempts were made to manufacture by means of simple machinery furniture and decorative objects used in the average middle-class household. The scheme has

met with the greatest possible success and the institution has become one of the show places for visitors to the City. Some of the products of the Institute were on display at the last British Industries Fair and elicited the warm admiration of Her Majesty The Queen. It will not be difficult to increase largely the production of such goods both at the institution and in private factories in the State when an increase in the earning power of our people justifies the expectation of an increased demand.

(2) *Cauvery Power Scheme*—The foundations of a modern industrial system in Mysore were laid when Lord Curzon opened the hydro electric installation at Sivasamudram on the Cauvery on August 16th 1902. This project whereby Government undertook to supply the Kolar Gold Mines with 4000 h.p. by a transmission line of 92 miles seemed marvellous to everyone in India. British and Indian when it was broached. The enterprise was mainly due to the foresight and wisdom of the then Dewan Sir K. Sheshadri Iyer, one of the greatest statesmen of modern India. In a memorandum dated July, 1899, he wrote: "This power has hitherto run to waste and the Darbar's scheme to utilize it is calculated to develop industrial enterprise throughout the State."

The original idea was first worked out by Captain (now Major General) A. C. J. De Jolimiere R.E. then Deputy Chief Engineer in Mysore, happily still with us and placed before the Dewan in July 1899. Sir Sheshadri made the scheme all his own and never flinched till all difficulties in the way of this unique and tremendous enterprise were surmounted. He did not however live to see the scheme accomplished in August 1902.

The river Cauvery is held in veneration by the people of Mysore as *Dakshina Ganga* or *the Ganges of the South*. It is believed to be a river of prosperity and so it has proved. The station at Sivasamudram has been remodelled and extended seven times since its establishment and has now a total generating capacity of 45,000 h.p. In 1933-34 the gross annual output of electrical energy was 190 million units as against 178 million units during the previous year. The total capital expenditure on the works at the end of 1932-33 was Rs. 26.78 lakhs and the net return was Rs. 33.94 lakhs or 12 per cent. At the end of that year there were 2,200 power installations including irrigation pumps and cooking and heating installations and 19,321

lighting installations drawing energy from the works. The total number of power and lighting installations at the end of June 1934, was 24,423.

(3) *Krishnaraja Sagara*—After the first decade of the present century it became evident that the hot weather flow of the Cauvery was fully utilized, and there was still further demand for power if the flow of water in the river could be regulated by a storage reservoir. As a result, the Krishnaraja Sagara scheme was inaugurated by Sir V. Visvesvaraya, then Dewan, to whose dynamic personality Sir Alfred Chatterton has paid tribute. This great reservoir is situated nine miles above Srirangapatam and has a catchment area of 4,100 square miles. The total length of the dam including the waste weir is 8,640 feet, and the lake covers an area of 49.5 square miles. The construction of the reservoir involved protracted negotiations with the Madras Government as vast irrigation interests in the waters of the river existed in that Presidency. They were finally concluded by Sir Albion Banerji under an arrangement by which Mysore was entitled to take water for the irrigation of 120,000 acres. The water is taken through the Irwin Canal on the left bank of the river through a tunnel 9,133 feet long to mostly dry fields by farmers untaken to irrigation. A Committee appointed by Government in 1927 to consider and recommend the best methods of utilizing the available water supply came to the conclusion that the block system under which a triennial rotation of crops would be possible would yield a revenue of Rs. 500 per acre of sugarcane, Rs. 80 for paddy and Rs. 30 for garden crop, or Rs. 630 in all for three years against Rs. $80 \times 3 =$ Rs. 240 if paddy only were cultivated as it would probably be if the farmers were left to themselves, as in the case of the great irrigation systems in the Madras Presidency.

SUGAR INDUSTRY

But the agriculturists of the area were totally unfamiliar with the growing of cane which, moreover, required capital resources far beyond their means. To introduce a system of triennial rotation of crop cultivation in the interest of the economical utilization of water and to start the system by the cultivation of an expensive and unfamiliar crop was a task of such stupendous magnitude that it has never yet been attempted by any Government in India. The situation was further complicated by the fact that the cultivation of quantities of sugarcane in a

concentrated area even if it could be achieved under the circumstances introduced other difficult industrial problems of manufacture and marketing. It was out of the question to allow the cane to be crushed and boiled into 'Cur' in the usual way. The product could never be sold and the whole scheme could meet with a disastrous end.

The manner in which the Government faced the problem vindicating the principle of the economical use of water and establishing an industry of immense potentialities for the welfare of the masses is characteristic of the late Luethelword characteristic advised.

For a similar difficulty confronted the Government soon after the commencement of the war. One of its important sources of revenue dried up and the difficulty was overcome as a result of measures combining boldness with caution.

The acceptance of the recommendation of the Committee involving the cultivation of sugarcane meant the establishment of a sugar factory. Difficult as the problem was, two actors held out promise of success if the situation was faced with courage.

The Government of India had imposed a protective duty of 7 rupees 4 annas per cwt. on imported sugar and the Agricultural Department of the State under the inspiration of Dr. Coleman the Director of Agriculture, had developed a variety of cane exceptionally adapted to Mysore conditions. The soil of the area had been surveyed and a system of cultivation suited to the locality had been devised. In his address to the Representative Assembly Sir Mirza Ismail announced that Government intended to establish a sugar factory as soon as possible. Once the decision was taken, the project was pushed through with the greatest energy. The Agricultural Department had established a farm in the locality in 1931 and 200 acres of cane were available as seed in the planting season in 1933. Loans for the purchase of seeds, of improved agricultural implements, fertilizers and, where necessary, of draught cattle, were sanctioned. The Government announced that all cane grown according to the suggestions of the Department would be purchased at a fixed price. The Department entered on the stupendous task of introducing and growing an entirely unfamiliar crop among the farmers of the area.

Some opposition was met with at first, but was overcome when it became known that Government waste land would be utilized for cane growing if the farmers refused to take

advantage of the facilities offered. As a result of these measures 3 000 acres of cane, including that grown by the Department, were available at the commencement of the crushing season in 1934.

Although the scheme could not have matured without Government initiative and direction it was decided to associate private enterprise in the venture. A joint stock company was started with a capital of Rs 20 lakhs. Government subscribed 60 per cent and invited the public to subscribe the rest. The response of the public was whole-hearted and immediate. A plant for dealing with 400 to 700 tons of cane daily was obtained from Messrs. Mirreles Watson Co. of Glasgow who also selected a suitable manager for the factory. The erection of the plant was completed in time to deal with the cane early in 1934 and the results of the first year's working have just become available. The factory worked for 196 days during the year and dealt with 56 000 tons of cane grown on about 3 000 acres. It earned a net profit of Rs 3 07 000 after setting aside Rs 80 000 for depreciation. The Company has decided to double the capacity of the factory during the current year and the plant ordered again from Messrs. Mirreles Watson Co. has already been shipped.

The Company has been given a lease of the right to manufacture country liquor from molasses for the Excise Department for ten years and the machinery for the plant has been shipped. It is also proposed to distil rectified spirits of the necessary strength for use in motor lorries used in the work.

MYSORE IRON WORKS

The Mysore Iron Works commenced operations in 1923. The Works are capable of an output of 90 000 ton of pig iron per annum. The production however has never reached the limits of capacity in any year and even the quantity produced could not all be sold for the Indian production of pig iron is about ten times the actual demand. The works endeavoured to escape the difficulty by converting a part of their output into finished cast iron pipes. This was of no avail as the Indian Tariff Board went carefully into the matter in 1933-34 and found if the prices of Japanese imports continue at their present level the Indian industry will incur serious losses. For these reasons and because the iron and steel industry throughout the world has continued in a depressed state since the war the undertaking has involved serious loss in spite of every possible measure which has

been taken by Government to promote efficiency and economy.

In 1922 the then Dewan Sir Albion Banerji revised the agency agreement with the Tata Iron & Steel Co. and placed the concern under Sir M. Visvesvaraya, the virtual founder of the Works. The replacement of an expensive American staff by a trained Indian staff resulted in great economy of cost and improved quality in output. Later the wood distillation works were shut down as the market for by products suffered a serious decline and charcoal for the blast furnace was manufactured more economically in the forests. The investment on the works is about Rs 240 lakhs and the loss in working has been over Rs 40 lakhs. In one form or another the undertaking has cost the State over Rs 100 lakh. Some may consider that the venture was a mistake but experience teaches and we all know the proverb that he who never makes a mistake never makes anything of value.

The most careful inquiry was made by Government with the aim of making the works if not remunerative at least self-supporting. Experts of renown went into the question and have recommended the manufacture of steel bars and sections as the only possible outlet. The Indian Tariff Board after an exhaustive inquiry came to the conclusion that the commercial results of the addition of a steel plant would after meeting interest charges on the capital leave a balance of Rs 5 lakhs to meet depreciation and profit.

The Government have since sanctioned the installation of a steel plant at a cost of Rs 21 lakhs and have decided to transmit power for the plant from the Cauvery Power Scheme. When the proposal was submitted to the Representative Assembly two thirds of the members were in favour of steel manufacture. The Bhalirathi Iron Works has ripped the imagination of the people. Referring to the remarkable enthusiasm displayed at the opening a few days ago of the steel works at Corby *The Times* says: "Now and then a great commercial or industrial undertaking takes hold of the mind of a people and becomes a symbol of enterprise, high courage and progress just as an adventure of discovery or a conquest of science may gather round itself the glamour that is associated with the triumph of the human spirit over the stubborn forces of Nature. These words correctly describe the feeling the Mysore people entertain regarding the Bhalirathi Iron Works."

SERICULTURE

Sericulture our most important cottage industry is specially suitable for Mysore by virtue of soil and climate. Nearly one-sixth of the population is engaged in one aspect or another of the silk industry and under favourable conditions the proportion could be much increased to the benefit of Mysore and the advantage of India as a whole. Unfortunately as things are the industry is in danger of extinction. As a result of the increasing competition of China and Japan which being unable to find their accustomed market in the United States are dumping their products into India at impossible prices, the production of silk in Mysore has declined from 1,600,000 pounds in 1926-27 to 740,000 pounds in 1931-32. The decline in the value has been even greater. From Rs. 116 lakhs it has fallen to Rs. 45-113 lakhs. Within the course of six years the output of the industry has shrunk by 34 per cent and the money value by 61 per cent. The Indian Tariff Board carefully investigated the whole matter and reported last year. Impressed with the peculiar dependence of sericulture on Government supervision and control, they made elaborate recommendations for concerted action. They wrote that what Mysore has done for sericulture is enough to inspire us with confidence in the future of the industry.

The State Sericulture Department arranges to supply protected seed to rearers to the extent of about 27 per cent of the annual requirements and is maintaining and running a model filature and a model factory for the manufacture of high quality fabrics.

In order to save the industry from ruinous competition, the Board recommended the imposition of a specific duty of Rs. 200 on imports of raw silk and the increase in the *ad valorem* rate of duty to 50 per cent. On silk products they recommended a duty of 83 per cent *ad valorem*. Unfortunately even this modest recommendation has not been accepted by the Government of India who have imposed an *ad valorem* rate of duty of 25 per cent *plus* 14 annas per lb. on raw silk and a similar duty of 50 per cent *plus* one rupee per lb. on silk fabrics. In consequence of the very inadequate protection the imports of raw silk during the first seven months of the current fiscal year for which statistics are so far available have increased to 1,158 thousand pounds from 1,052 thousand pounds for the corresponding period of the last year. The imports of silk yarn have increased by

early 70 per cent from 1,040 thousand pounds to 1,769 thousand pounds.

The only parts of India where sericulture is largely practised and the industry is fostered and encouraged by the Governments are the Indian States of Mysore and Kashmir. Mysore having about four times the output of Kashmir. In Bengal although the total production is perhaps larger than in Mysore, as the Tariff Board remarks, the industry is decaying on account of lack of popular interest and Government encouragement. Something is being done for the industry in Madras but its production is confined to one Taluk and the output is but one-tenth of Mysore. As the Indian States have no voice in the central or provincial legislative councils it can be understood why sericulture has no friend in those circles.

Mr. Norton Breton, a great authority on silk in a lecture before the Society on Sericulture in the British Empire, has emphasised the need of Government assistance in sericulture. He says, "I am all out for little Government interference as possible. In the case of sericulture it is necessary to have the most stringent rules and regulations regard to the industry if it is to prove successful." A great industry specially adapted to improve the economic condition of the masses is being threatened with disaster because the Indian States most interested have no means of influencing the fiscal decisions of the Indian Legislature.

SOAP AND PORCELAIN

The Mysore Government have established an experimental soap factory which has proved a phenomenal success. The washing and toilet soaps made at the factory are in demand in all parts of India and the plant is earning on the average a profit of a lakh of rupees a year. This success has led to the erection of a number of private soap factories making washing soaps and has thus fulfilled one important purpose—the encouragement of private enterprise. A factory for the making of porcelain insulators from local raw materials is supplying the requirements of the Electrical Department in the State and outside.

WHITE LEAD FACTORY

A white lead factory was started in Bangalore by private enterprise as a result of experiments in the Indian Institute of Science from pig lead imported from Burma. The enterprise is fostered by Government who supply electric power at a special concessional rate. Owing to the market for the products

being situated in North India, the high railway freight is operating as a hindrance to greater development

SANDALWOOD OIL INDUSTRY

Sandalwood has been almost a monopoly of Mysore from time immemorial. Until the war the wood collected and prepared by the Forest Department was sold by auction and was purchased for export, mostly to Germany, for distillation. The outbreak of the war put an end to the trade, and a source of revenue which yielded Rs. 2½ lakhs in 1913-14 was completely dried up. Sir Alfred Chatterton, who was Director of Industries at the end, took up the matter at the instance of Government. The experiments undertaken on his motion at the Institute of Science showed that it was possible to install a plant for the distillation of the oil of a quality equal to that produced in Europe.

The Government sanctioned the proposal to erect a factory. As it was impossible to import the machinery from Europe, the whole of the plant was manufactured in India under the supervision of the Director.

The factory commenced distillation in 1916-17 when 462 tons of wood were distilled and the oil produced was readily sold in Europe. The factory has been phenomenally successful since the start.

The output of sandalwood in Mysore where the cultivation is under the special care of the Forest Department is about two-thirds to three-fourths of the output in all India, which may be estimated at 3000 tons per annum. The rest of the wood is produced in Coorg, some of the districts in the Madras Presidency and a small quantity in the Bombay Presidency. The enterprise of Mysore has helped to increase the revenue from sandalwood in these parts of British India. As practically all the wood in Mysore is reserved for the Government factory, the wood in British India has a free run of the auctions, and realises much higher prices than it would if it had to compete with the superior Mysore wood.

All efforts of the Mysore Government to arrange for joint distillation of the entire output and concerted action in sales have so far been fruitless. The economic depression has aggravated the situation. The wood purchased in India is distilled in factories in France and Germany, and the final product placed on the market can hardly be recognized as genuine sandalwood oil. One of the experts attached to India House in London recently recommended concerted action between the

producers of Australian sandalwood oil and Mysore in view of the prevailing tendencies of the market. It is obvious that concerted action between the Indian producers is at least equally desirable. It would appear that this obvious measure of efficiency in production and security in sales has to wait until the other producers of the wood in India realize the situation.

THE TRADE COMMISSIONER FOR MYSORE

The sales of sandalwood oil in Europe and America were first effected by means of agents. As this was found unsatisfactory, the Government decided to appoint an official for the purpose in 1929. The need was made to subserve a larger purpose, and the Trade Commissioner was made an instrument for the development of the export trade of the State. The Official not only sells sandalwood oil all over Europe and North America, but supervises the purchase of stores required for Government and initiates trade in other products of Mysore.

During the last two years about 12000 tons of granite kerbstone has been imported into this country and a beginning has been made in the import of monumental stones. As the trade shows signs of permanence, it has been decided to hand it over to private enterprise, and a representative of a private contractor from Mysore is under training in the Trade Commissioner's office to take control when ready.

MYSORE COFFEE

The area under coffee in Mysore is on an average 110,000 acres, and the annual output is estimated at 7,500 tons which is half the total production in India. The crop is grown in the Malnad both by English and Indian planters. Mysore coffee is of the "mild" variety, similar in quality to that imported into this country from Costa Rica. An experimental farm 290 acres in extent, was established in 1931 for carrying on research work in connection with coffee. The expenses of the farm are met by a cess of 2 annas per acre on estates of not less than 25 acres, paid equally by British and Indian growers, and an equivalent contribution from Government. The amount available is about Rs. 40,000 on an average.

The coffee scientific officer of the United Planters Association is working at the farm. When His Highness the Maharaja opened the farm he remarked on the active co-operation between the non-officials and the Government, between the planters of the rest of Southern India and the planters of the State, and between

the scientific officer of the United Planters' Association and the scientific officers of the Department

Imports of raw coffee into India have been prohibited as a measure of protection against disease and the action has helped to increase sales of the home grown product. The demand in the United Kingdom has declined owing to the very proper efforts made by the newer coffees of the Empire to find a place in the home market and the apathy of the Indian planters.

In his address to the coffee planters His Highness said: "There is only one suggestion that I should like to make to you and that is that you should consider whether having got so effective a co-operative agency together you could not use it for the purpose of extending your sales. Is it not time to launch a campaign to induce people both to drink more coffee and to buy more of your coffee?" It was on the realization of the soundness of this advice that the planters in London recently met with a view to consider the measures necessary for launching the campaign. It has been proposed to send the expert of the late Empire Marketing Board to India to advise growers in India on the special features of the United Kingdom market and the nature of the propaganda that has to be undertaken to increase the sales here of South Indian coffee.

CONCLUSION

The economic depression has put a severe brake on industrial progress in Mysore. The revenue of the State declined by Rs. 43 lakhs in 1930-31 from Rs. 37½ lakhs in the previous year. The State has had to shoulder a total deficit of Rs. 98½ lakhs during the first three years of the depression in spite of the most stringent economy. The opportunity available during the present year for reviving the lease of the Kelar Gold Mining Co. and for imposing Excise duties on locally produced sugar and matches in correspondence with similar duties imposed by the Government of India has made it possible for the Government to balance the budget. Although the most urgent needs for economic development have been met progress in many directions has been hampered.

The depression has greatly reduced the money income of the people. It has been estimated that in the Madras Presidency this reduction has been about 40 per cent. The agricultural population of Mysore have suffered in equivalent shrinkage.

Apart from the depression which is so wide spread Mysore suffers from two great

liabilities in the economic sense and which therefore may be referred to in addressing non political Society. The first of the is the subsidy Sir Albion Banerji who paid close attention to Mysore finances as he has stated several years ago that Mysore finance would never be in a satisfactory position until the subsidy was abolished. The need for relief was so fully realized eleven years ago and when our present Chairman was Finance Member of the Government of India at the impost of Rs. 35 lakhs was reduced to 10½ lakhs to 24½ lakhs. The other great liability already mentioned in the absence of all power to influence the deliberations of the Councils of British India when they seriously affect the economic position of the people of the State. I trust my paper has indicated by its record of accomplishment that determined refusal of Mysore to be discouraged by these and other difficulties in the path to greater economic advancement.

During the discussions on the Indian Reforms in the House of Commons the other day the following passage was quoted from Sir Walter Lawrence's book *The India We Served*: "There is hardly an Indian State in which there have not been men of outstanding ability, great thinkers and men of initiative and action. Mysore has been peculiarly fortunate in the statesmen who have guided her destinies who have been among the greatest of Indians. That good fortune continues to-day. Many leading people in this country have made the acquaintance and friendship of the present Dewan Sir Mirza J. M. during his delegation to the three Round Table Conferences and the Joint Parliamentary Committee. I need only quote in this connection the observations of the Lord Chancellor at the conclusion of the Round Table Conference. Referring to Sir Mirza's administration of Mysore Lord Sankey said: 'His State is not only a pattern to India but a pattern to the world.'

Under the inspiration of their beloved Mahatma and their Dewan of whom they are so proud the people of Mysore are determined to march forward to take their proper place in this Great Empire.

The Imperial Council of Agricultural Research has under consideration a scheme to improve the quality of Indian coffee in comparison with the Brazilian product. It proposes to encourage coffee research for which funds are to be provided from a small export cess on Indian coffee.

Housing—Urban and Rural.

By K Subramanyam, M A

During the post war reconstruction period one of the great problems that the Western countries had to face was the question of providing suitable houses to the ever increasing labouring class and to others whose income was small and who wanted to find decent cheerful and convenient homes in a right kind of neighbourhood. The needs of the soldiers who returned from the war fields had to be met with immediately. It is a matter worth noting that the progressive West took up the matter in right earnest and solved it in a praiseworthy manner. The United States of America took up the lead by granting a substantial amount. But England has become a pioneer by putting up already several lakhs of houses—new and low priced but convenient and comfortable. The Government of England looks upon good housing as a wise and lasting investment in the health and morale of the people. In spite of the tremendous burden of war debts and other increasing expenditures England has proposed to spend several crores of rupees and has already set the ball rolling. Poland, Czechoslovakia and some other newly formed independent countries have worked miracles within a decade and a half. What the war ruined Vienna has done under the most adverse conditions is a shining example. The Municipal Governments have built modern houses with balconies for light and air with large open garden and park spaces around. The worker now passes through a courtyard to his two or three roomed house with joy and pleasure after a day's hard work. The rent that he pays is too low but the comforts are ample.

It would not be out of place here to point out how the English people have been tackling the problem and what lasting and beneficial results have accrued thereby. They have been clearing off slums in cities and big towns and building in their place low priced model houses fitted with electric light and provided with garden space and good supply of water. Besides we find other amenities of life and facilities for educational and cultural advancement—nurseries and playgrounds have been arranged for children, parks and swimming pools for grow ups. It is needless to mention anything about schools. The rent that the tenant pays is surprisingly little. The results of this stupendous work have to be viewed with national pride and supreme

satisfaction. Employment, health and prosperity have been brought to the doors of all. Crime has been lightened which any number of legislations and sermons from the pulpits could not accomplish. Well has it been said that a good home is the foundation of good health. The death rate has decreased by 50 per cent as a result.

The Provincial Housing Act of Canada passed in 1918 contained several suggestions which were later on amended in the light of experience. A few suggestions made by a Committee in this direction helps us to understand how the advanced West is putting into execution its ideas and plans. Huge amounts of loan were allotted on the basis of population. The suggestions of the Committee in this connection were as follows—

1. That the loans made shall be for a period not exceeding thirty-one years at the lowest possible rate of interest but not to exceed five per cent per annum payable monthly—after the first six months and that a sinking fund sufficient to retire each loan at maturity be made a condition.

2. That any Municipality Company or individual borrower shall have the right to pay off the whole or any part of the principal of the loan at any time during the term.

3. That any loan made under the Act shall not be deemed a part of debt of the Municipality to which the loan is made.

4. That money under the Act may be advanced for building houses and tenements on sites acquired or owned by—

- (a) Municipality,
- (b) Housing Societies, Companies or Associations,
- (c) Individual owners of a lot or lots for the purpose of erecting houses or tenements on such lot or lots.

5. That the maximum loan on any building and lot shall not exceed 75 per cent.

6. That all buildings erected under the Act shall be in accordance with plans and specifications approved by the Municipality in which the building is being erected.

I have given these suggestions in detail to point out to our countrymen a practical method of the working of such schemes elsewhere. To say that it is imperative and urgent for Mysore and other parts of India to tackle this problem is only to open the eyes when it is too late in the day. But sorrowfully however, we find that nothing very striking has been achieved so far. Confining myself to Mysore I should say that beyond the two cities—the Capital of the Province and the centre of the Government the other towns are as backward as before. I cannot emphasize this in better terms than those of Sir Mirza M Ismail our

Dewan He has expressed that very little thought and still less forethought plays its part in the growth of towns and villages and it is most necessary that each one of them should have its own town planning scheme making due provision for its growth and amenities. No effort should be spared to develop a sanitary conscience in the people and to make them realize that without sanitation there can be no health and without health no happiness. One constantly sees places where a slight effort would spell the difference between health and disease and yet how lamentably that is lacking. Inertia and ignorance—these are the real enemies. I should like these words of Sir Mirza M. Ismail to be written in golden letters and hung up on the walls in every Municipal Council Hall and the Village Panchayat Hall. Having a separate Sanitary Department manned with a highly qualified staff of Sanitary Engineers, Health Officers and Sanitary Inspectors every town and as many villages as possible can be surveyed, town planning schemes suitable to each town and village may be prepared and a five year or a ten year programme formulated so that every town and village may improve and add to the health and happiness of one and all. A stitch in time saves nine. Many a languishing village and degenerating town can revive and breathe a fresh life again. The extraordinary expenditure on plague inoculations and supervisions can be saved and what is more, life on earth can be made happier and worth living for.

In this connection I should like to mention a few points which have to be borne in mind by every Municipal Council and Village Panchayat when each one tries to open a new phase in its career of life—

1. Past mistakes should not be repeated in its problem of reconstruction.

2. A map should be prepared showing its position and environments such as road, river and tanks as well as access to nature such as forests and fields.

3. Means of communication—present state and anticipated developments.

4. Industries, commerce and manufactures—present condition and anticipated development.

5. Population—movement, health, occupation, density, distribution of well-boring, educational and cultural agencies and anticipated requirements.

6. Historical—phase by phase from origin onwards may be recorded and historical relics and other monumental survivals preserved.

7. Local Government area—its present extent and further expansions (both the need for the same and the possibility as well).

8. Regarding town planning the example from other towns and foreign countries should be taken into account when new plans and schemes are prepared—the several details such as streets (their length and width with foot paths if need be), boulevards, open

spaces, parks, communications (Railway, road and river), water supply, lighting, housing, sanitation and other factors should be discussed and decided.

In conclusion it may be stated that the problem is so vast and great that full justice cannot be done to it in a limited space and it is left to the experts to enlighten the laymen in his respect.

The problem of housing in rural parts is not a bit less important or urgent. It is a matter of common experience and knowledge that the existing abodes which are by courtesy called houses are innocent of windows and compounds or in some cases rooms as well as the human habitations of a primitive type described by Mr. F. L. Brayne as the direct successors of the caves of the pre-historic man. As regards rural sanitation, I have said the better. The moats and ditches of the olden days have outgrown their utility and have become on the other hand a positive menace to public health in that they give a cover to the commission of the offence and the dissemination of diseases such as malaria, plague and cholera. The outhouses and bushes, the pits and filth on the outskirts of the village are other dangers to public health. The interior itself is no better. The crumbling walls and the dirty streets have their own sorry tales to tell.

Therefore the very first thing that is demanded of the Panchayats and the Government is the dismantling of the old walls and hedges as well as the filling up of pits and moats. Next comes the question of reconstructing and housing problems. In this respect too I should like to state that what has been done in the Western countries. Even this problem was not lost sight of by the Westerners in their post-war reconstruction programme. As a result of their supreme and well-directed efforts, many gardens and villages have sprung up in different parts of Europe. Single family cottages are built around open spaces which are kept for sports and recreation. With schools and co-operative societies and other social amenities these towns and villages are complete communities. This clearly indicates to us the lines on which rural reconstruction in our State can be carried on.

Almost all the suggestions made in connection with urban housing and reconstruction apply with equal force even to rural housing and reconstruction. But the types of houses will have to vary due to the special conditions of rural life. The granary, the cowshed, the cart stand and the manure pits are to be provided for.

Problem of Unemployment.

By Krishna Kumar Sharma, M A , B Com

The problem of unemployment is the most pressing of the economic problems in the present state of economic depression and disorder created by an unprecedented fall in price. The needs of the unemployed persons and the interests of society demand that some solution of this urgent problem is vitally pressing and indispensable. In its very nature the problem is such that it requires a pooling and co-ordination of all the available resources and skill of the people and the Government. Primarily the tackling of the problem by its very nature incidence magnitude and repercussions revolves upon the state which alone has the requisite resources to cope with it. But this statement does not imply that the people and the various public and private associations must remain passive and indifferent spectators.

The fact of the matter however is that the lead must come from the state. It alone can provide the machinery in collaboration and co-operation with the public to assist, organize, direct and co-ordinate the national resources and energies for the common good.

The problem is indeed very baffling in character and it is impossible to suggest any ready-made and clear-cut panacea for all the ills arising out of unemployment. It is very gratifying to note that the U P Unemployment Committee appointed by the Government are devoting their serious attention towards a solution of this problem. An important fact that must be borne in mind is that no mere tinkering with the problem and no adoption of half-hearted measures would do. An adequate solution of the problem requires some systematic economic planning based not necessarily upon the measures pursued in other countries alone but upon a true and correct appreciation of the economic, political and social conditions prevailing in the country at present.

A perusal of the questionnaire and the circular letter No 162 of the U P Unemployment Committee establishes the fact that their scope is to deal with unemployment among educated young men in the province. This is one of the lines of similar committees that have been appointed formerly in some British Indian provinces (Bengal, Madras, Bombay and the Punjab) and in some of the Indian States as Travancore. It is true that the problem of un-

employment among educated young men is very pressing but it cannot be solved independently of the problem of unemployment in general. The seriousness of unemployment among educated young men among industrial labour among those who are engaged in cottage industries and agriculture has very vital repercussions upon the economic conditions of the province.

In this memorandum I shall confine myself exclusively to the problem of unemployment among educated young men though it is impossible to avoid references to the problem of unemployment in general.

The Madras and the Bombay enquiries included in the term 'educated middle class' such persons as were not well-to-do enough to dispense with earning their own living followed non-manual occupations and received some form of secondary or higher education while the latter Committee justified the exclusion of those who had received vernacular education only from the definition because in their view the problem of middle class unemployment affects persons who are ordinarily engaged in the larger cities and who are English knowing. The Punjab Committee included those also who had completed the full vernacular or anglo-vernacular course and the U P Committee should also pursue the same policy.

The magnitude of the problem is too obvious to need emphasis. There is a widening disparity between the growth of population and the means of livelihood. This is evident from the fact that according to the Census of 1931 the population in the country has increased by 37 millions while there has not been a corresponding increase in the number of persons employed in industries. Thus the pressure on the agricultural industry has increased enormously without any appreciable improvement in its efficiency. In the High School Examination of the U P Board the number of candidates appearing in 1934 came to about 15,000 while the figures for the Intermediate Examination reached 5,000. According to the *Census Report for the U P for 1931* the total figures for unemployment for the educated young men in February 1931 were estimated at 2,414 or by making an addition of 30 per cent according to the direction in the *Report* on page 449 the figure comes to about 3,000. To me thus seems to be a great under-estimate in the light of the information

contained on page 17 of the *General Report on Public Instruction in the U P*. The total number of students appearing in the High School and Intermediate Examination in 1932 and 1933 came to 37 554 and if the figure of about 20 000 for 1934 is added to it the total for the three years comes to 52 554 and by a similar calculation the number of successful candidates comes to about 31 000. Out of this total about 8 000 is the figure for the successful candidates in the Intermediate classes. Basing the calculation upon the above mentioned Report about 3 000 must have taken to degree class. This means that roughly speaking during the 3 years about 25 000 persons must have looked for appointments and it cannot be assumed that 23 000 got appointments. Thus the figure of the *U P Census Report* of 3 000 educated unemployed young men seems to be a gross under estimate. Assuming that 50 per cent of them must have got employment, the figure for the unemployed comes to over 12 000 for the last 3 years or 4 000 per year. Within the last decade the figure of unemployment among the High School and Intermediate passed students must not be less than 40 000 and if to this is added the total of those who have studied in classes VI to X but look for jobs because they cannot prosecute their studies further the number must come to near about one lakh.

The following table shows the number of students appeared and passed in the B Com and I Com Examinations in the U P in 1932 and 1933

	1932		1933	
	Appeared	Passed	Appeared	Passed
B Com Exam	117	100	100	87
I Com	238	178	377	170

To come to the figures of the S D College it may be said that during the last 11 years, that the college has been sending up candidates for the B Com Examination about 300 candidates have passed out the B Com Final Examination approximately. About 75 per cent or approximately 260 of them have got

employment and about 25 per cent or about are likely to be without employment. Out of those in employment are schoolmasters whose wages between Rs 50 and 100 per month and 10 per cent may be in State services draw near about Rs 60 per mensem about 20 in may be in colleges getting between Rs 100 and 250 and about five are getting near about Rs 400. Last year one first class B Com got an appointment under Government on Rs 60 10 110 and the other joined M A because he could not get any suitable appointment. In the Director of Industries Office in Cawnpore B Com's are working as apprentices on Rs 30 per mensem and in Director of Statistics Office in Cawnpore first class B Com worked as an apprentice for some time on Rs 30 per mensem. Two or B Com's of this college are employed in that office one on Rs 40 or Rs 45 and the other on Rs 60 or near about. Perhaps none of them is yet permanent. At least 25 per cent of those who are in appointment are not yet permanent or they are not getting adequate pay. Those who are well up are M A's. Some have started business of their own but their number is infinitesimal. Out of 36 students have passed M A in Economics from the S D College so far and one who passed out three years back have not yet got any appointment. A large majority of the B Com's in employment are clerks, overworked and under paid. Those who are out of employment may be doing tuition work or some other part time or temporary work not suited to their qualifications and tastes. Another factor on which emphasis may be laid is that generally the Bachelors of Commerce in M A in Economics and that too when they are not able to get employment. In the first term in 1933-34 the total number in M A Economics and Final in S D College was about 20 which in the end dropped down to about 8. The situation thus is alarming. The following table gives exact figures for the last four years —

	1931		1932		1933		1934		Total	
	No Appeared	No Passed	No Appeared	No Passed	No Appeared	No Passed	No Appeared	No Passed	No Appeared	No Passed
M A Final Exam	5	4	5	5	5	4	4	4	18	17
B Com Final	37	32	24	20	25	22	31	29	187	103
B A	29	13	27	14	33	21				
I Com	38	29	41	21						

CAUSES OF UNEMPLOYMENT

The main causes responsible for the present world depression are also responsible for unemployment. Geographical changes in the

localization of industries, rationalization schemes which displace labour, banking and currency policies of the various countries of the world in the post war period, the lack of

plasticity of the price system the war debts and reparations leading to an intensification of protectionism under-consumption which has greatly reduced demand over production i.e. the quantity of supply being beyond the point of profitable sale etc. are some of the main causes of the present depression which have had their repercussions upon India also.

In the case of India particularly the main causes are the post war economic depression retrenchment policy and the defective educational system which as Sir George Anderson in his note before the Punjab Committee admitted was moulded with the special object of preparing boys for the external examinations the passing of which for many is only a snare and a delusion and with the object of training boys for clerical vocations which are now proclaimed to be over stocked and which offer insufficient avenues of employment for large throngs of applicants. He described the matriculate as a derelict a wanderer on the face of the earth unemployed because he is unemployable. Alluding to the defective educational system the Bengal Committee observe that the one great defect of the system is that it leads to one end only namely the M.A. M.Sc. or B.I. Examination. It is like a bamboo each joint being an examination and the diameter remaining practically the same size from the root to very near the top. It has no branches and the crowning top covers a very small area. What is required is a spreading tree with branches going off in as many directions as possible at definite points along the trunk not all at the top. (Para 29 of the *Report of the Bengal Unemployment Committee*). The high level of taxation in the country which has reduced purchasing power very much the defective currency policy the high level of civil and military charges which are blocking the advancement of the national building services and the social services and the social causes as the early marriage and the joint family system which operate powerfully though silently in determining as well as impeding the economic ambitions and fortunes of the educated men are other causes which have accentuated the problem of unemployment in the country. The poor industrial development of the country the inadequacy of the avenues of employment etc. are other contributory causes of unemployment.

There is also the problem of agricultural unemployment but this is a case of chronic under employment in the economic organization of the country. There is also unemployment among those engaged in cottage industries

and the extent of this unemployment must be very high indeed as the number supported is far larger than that supported by the major organized industries of the country.

MEASURES IN OTHER COUNTRIES

The cases of other countries offer some precedents for dealing with the situation and the policy pursued there will be reviewed very briefly. Some of these measures are described at greater length in the printed articles appended herewith.

Public Works—The policy of public works is being encouraged in the U.S.A. Japan France Germany Italy Chile Sweden etc. and detailed figures spent upon public works are given in the Annual Reports of the Director of the International Labour Conference and also in all the three volumes of the *World Economic Survey*. A vast army of persons have been provided with employment in this manner. To mention one case in this connection it may be said that the Government of Japan adopted a five year plan in 1937 whose total cost was to amount to 360 million yen or roughly about 60 crores of rupees and about 220 million yen was allocated immediately in November 1932 to provide more than 200 million days of work for the workers. A huge scheme is now being tried in the U.S.A.

Subsidised Employment, which means offering some financial inducement to employers to widen their activity and thus employ more workers instead of paying cash benefits to the latter has been another method pursued particularly in Germany.

Voluntary Labour Service Schemes have also been widely adopted in many countries a detailed reference to which is given in the Annual Reports of the Director of the International Labour Conference.

Free Rationing has been another method followed in the U.S.A.

Free Public Employment Exchanges have been established in Japan on a nation wide scale and the establishment of the Central Employment Exchange Board in that country promoted co-operation between school authorities and employment exchanges and a five yearly census of unemployment is taken there.

REMEDIAL MEASURES IN THE U.P.

The remedial measures in the U.P. to cope with the problem should fall into two categories. Firstly there is the problem of providing immediate relief and secondly the providing of permanent relief measures.

With regard to the first set of measures it may be said that the schemes tried in other countries and which have been enumerated

above can be tried in these provinces also. There is a vast scope for starting schemes of public works in the country as a whole and particularly in our province owing to the undeveloped nature of it. The present is the most opportune time also for starting schemes of public works i.e. the construction of kachha roads afforestation schemes village reconstruction schemes measures to prevent floods etc. The cost of materials is very low and interest rate is also very low while the credit of the Government stands fairly high. The Government of India have expressed their readiness for helping the provincial governments provided the latter offer suitable schemes and it is up to the provincial governments to take advantage of this offer.

The Government should do well to lay down a principle that the construction materials should be obtained as far as possible from the provincial sources and that tenders of contract for such materials should be invited from Indians. Even in the matter of appointments the people of this province should be given preference as far as possible. This has been done in Japan where it was provided that a given proportion of the materials used on relief works should be produced in Japan. Even when appointments of foreigners are made to certain posts requiring technical skill it should be ensured that people of the United Provinces will be given facilities for apprenticeship and training. Further when any substantial business is given to a contractor he should be asked to take up one or two of such qualified local men as apprentices on a fair allowance. This practice which is being pursued by the Mysore Government seems to be commendable and it can also be pursued by various local bodies within limits.

The practice of subsidized employment can be promoted in the U.P. also according to which our capitalists and commercial institutions should undertake capital expenditure on a large scale. Our insurance companies can launch out housing schemes in the cities providing facilities for repayment over a long period by instalments to remove congestion in crowded towns like Calcutta. Its advantages as a possible means of employment need no further comments. Incidentally this would create demand for building materials and other necessary services which in turn would create fresh opportunities for employment.

The Government can also grant a cash help to employers in proportion to the additional number of men employed by them. This would increase the efficiency of work and reduce

the exhaustion and over work to which low paid clerks teachers etc. are now subjected here is precedent for this in foreign countries e.g. Japan.

Employment Exchange Board should be set up in selected districts controlled by the central U.P. Employment Exchange Board. Relief works may be organized under its supervision. Local authorities may be allowed to raise loans to finance these schemes. The Government should grant a subsidy to meet half the labour cost of any scheme in which the cost of unskilled labour is at least 50 per cent of the total cost of the scheme and the cost of skilled labour about 15 per cent. This has been done in Japan.

The state help in the above ways would be justified and correspond to the cost that the State has to bear in other countries in connection with unemployment insurance schemes for which as yet there is no counterpart in India.

Some sort of organization like the District Unemployment Society working for the Anglo Indian community in Calcutta should be started. This is a method suggested by Mr. N. R. Sircar in his address which he delivered as president at the second session of the All Bengal Unemployed Youths Conference and to me it seems to be commendable. It is true that the spirit of charity is not consistent with the respect of people who are keen to work and who cannot get employment. The doctrine is a great subject of criticism in England and the U.S.A. but this may be a sort of tit-for-tat to give timely relief in cases of grave emergency where the applicant is really deserving.

Some pecuniary assistance can be provided in such cases to keep body and soul together. This organization can undertake enquiries into the condition of the unemployed and can also serve as a bureau of information. It should also be in close touch with employers.

PERMANENT MEASURES

In addition to the temporary relief measures certain permanent measures are more necessary. They may be classified under three categories: material, humanitarian and cultural and social.

The economic development of the province could be advanced by a scheme which provides for the economic prosperity of the people over a course of years. In this connection the possibility of an improvement in the organization of marketing, financing etc. of the cottage industries should be thoroughly explored by an exhaustive rural and urban survey. The scheme should be worked in close co-operation and collaboration with the Village Industries Association started by Mahatma Gandhi. The

local bodies can help such industries by purchasing their products. Sale societies to push the sales of such goods must be started on a good scale. The development of cottage industries can go a long way to improve the economic condition of our educated unemployed young men. Exports of the province should be developed and avenues of exports should be explored by the appointment of special officers.

Further a scheme of rural reconstruction should be launched for the rehabilitation of the rural side. The exodus of our young men from the villages to the overcrowded towns is a very unhealthy development and this can be checked by rural reconstruction schemes. For this a rural survey is necessary the scheme for which is embodied in a separate printed article bearing the title 'The U P Five Year Plan'. This scheme is bound to give employment to a very large number of young men and will at the same time create condition and circumstances for the advancement of the prosperity of the people of the rural areas. If a suitable scheme of rural reconstruction as outlined below is pursued the village will become an institution from which will radiate culture and wealth and health which in course of time must lead the province along the right road.

The village must be connected with the town by communications. The sanitation of the village must be improved. Libraries should be established and the amenities available in towns may be created in the villages also. Model houses may be constructed and the educated persons will then turn their attention to live there.

Further primary education should be developed on an adequate scale because the human factor is the most important factor in any scheme of economic reconstruction. The fact that about 90 per cent of the people are illiterate blocks the way to progress. A resolute and well-sustained effort is necessary to assist local bodies in the solution of Indian rural education in a practical and efficient manner. The aim of vernacular primary education should be to train the boys to think for themselves to read for themselves and to act for themselves. To obtain a knowledge of the three Rs should be the main object and in the primary school no attempt should be made for the teaching of agriculture or industries on a compulsory basis.

The most important fact in the rural school should be the teacher. The success of the movement will therefore depend on the wisdom and courage shown in the investment of money

in suitable human material and its training. As the influence of the teacher in the village will largely depend on his standing with the cultivators it is essential that the future school master should be drawn from the village itself and that he should live, dress and speak like the people among whom he will pass his life. His pay must be adequate and his position must be one of honour in the community. The school buildings and the playground should stand out as a model of neatness and order. In the selection of the man in the status that should be his due and in the buildings in which he has to work, the controlling authority should from the very beginning set its seal in no uncertain fashion on the importance it attaches to the education of the generations to come. (A. Howard *The Development of Indian Agriculture* p. 67.)

In connection with the compulsory mass education in the rural areas full use must be made of American experience. In the seventies of the last century the consolidation movement took place in the provision of compulsory primary education. A number of small ineffective institutions could be abolished and replaced by one central well-equipped institution. The children were conveyed to the school at public expense. This system is spreading in many provinces in the Dominion of Canada, Hawaii and the Australian Commonwealth. The results have been successful. Suitable buildings have been provided for the consolidated schools, a number of efficient teachers have been employed, classes of the proper size have been maintained and the curriculum has been extended.

A policy of consolidation should be followed in the U P also. The question of funds and of wagons to convey children to the consolidated schools is very important. The various districts should first be studied and then divided into suitable areas each with its future central school.

According to the *General Report on Public Instruction for 1933* there were 19,133 primary schools in that year in the province and the total number of teachers came to 37,699. There are over one lakh of villages in the U P and that means one school for every five villages. The total expenditure came to Rs. 80,31,120. The total number on the rolls of students came to 11,38,438. The total population of the U P according to the census of 1931 comes to 49,614,833. The percentage of students in primary schools to the total population comes to $2\frac{1}{2}$ per cent. Roughly speaking if there

is one central school for every 10 villages the number of central schools would come to about 10 000 and at the rate of five teachers per school the number of the teachers would come to about 50 000. This would mean an employment of additional 12 000 teachers over and above those who are employed now in these schools. This number of schools must increase in course of time and the number of teachers also will proportionately increase. In this way the problem of unemployment would be solved to a very great extent.

The total number of institutions of all kinds was 25 360 with an enrolment of 15 320 and the percentage of literacy to the total population was 5.3 and 0.8 for males and females respectively for 1933. The standard of literacy must increase and something like a 20 year Plan must be framed which must be based on the *system of control figures as in Russia*. With the present appalling state of illiteracy in the country and the defective educational system the human material is not being properly developed with the result that wealth production in the country is very low. A plan prepared on a carefully evolved system would go a long way to alleviate the situation.

Then there is the question of extending the social services namely sanitation public health, medicine etc. An extension thereof would provide a large degree of employment for our educated young men. There is complete lack of medical facilities in the villages where the Government should prepare a plan for providing teaching to our young men in homeopathy, Ayurvedic and Unani systems which comparatively will be less expensive.

Attention must also be drawn here to certain pressing economic problems affecting our rural life. A comprehensive and well planned attack upon which would create fresh opportunities for the employment of our young men. The main problems of our agricultural economy are heavy debt absence of facilities for short and long term credit and lack of any efficient marketing organization. A comprehensive scheme of debt redemption establishment of land mortgage banks and the stimulation of co-operative movement and developing an efficient marketing organization would go a long way in creating avenues of employment for the educated persons.

A comprehensive rural reconstruction scheme for the economic social and cultural development of our people would provide a permanent basis for the solid foundations of the economic conditions in the province and would provide employment for a large number of our educated

young men. Any attempt in this direction can be successful only if the willing co-operation of the rural population is secured. The whole village atmosphere will have to be made more attractive to create this confidence. Ignorance, idleness and despair would have to be removed. Suitable educational propaganda would enable them to make adequate changes in their domestic and economic life. This rural welfare work would require a large army of workers. After the necessary training could be sent to different centres of the province to carry on the work among the rural folk.

OVERHAULING OF THE EDUCATIONAL SYSTEM

The entire educational system should be overhauled which may make our people more practical and practical minded able to stand on their own legs. The secondary education should begin with class V and remain up to class IX where vocational education should be provided for. Practical subjects relating to agriculture industries etc. should be made compulsory while greater emphasis should be given from the beginning on the improvement of hygiene and physique. The aim should be to have industrial and craft schools in all the important towns where young men may be trained to earn their livelihood by taking to all industries not requiring much capital. Some vocational training should be made compulsory so that no student should be allowed to pass out of school without having learnt some art or craft on which he could fall back in case he could not study further. The problem of unemployment would be solved to a great extent if instead of creating in the hands of our young men a contempt for their trade they were given some special training for it and made better fitted to take to it.

The University education should promote cultural and utilitarian aspects. The universities must serve as repositories of human knowledge and stimulate new discoveries and inventions. In addition to being the chief seats of learning for carrying on literary and scientific research they must remain the great centres for the cultivation of intellect the refinement of feelings and the building up of character. The utilitarian aspect is equally important and they must promote the economic development of the country by adjusting their teaching to the requirements of the various professions services and industries. University life should be in living touch with the practical problems of the country and like the universities of the West they must co-operate with the established industrial institutions. If a sound foundation

1 thus laid there would be no necessity of any artificial barriers to be placed in the way of students unfit for university education for their attention would have been directed earlier for some vocational career

REFORM OF FISCAL SYSTEM

Before closing this note a word may be said about the fiscal system of the country without a proper moulding of which the industrial development of the country and for the matter of that of the U P also cannot be adequately solved. Our industries should have a fair measure of protection against foreign competition. British, Empire or non Empire. In the absence of adequate protection neither cottage industries nor the major industries can be improved in any province in India in response to the needs of the country. We must have control unmixed and unfettered over our fiscal policy. The recommendations of the Joint Parliamentary Committee in this respect are very disappointing for they leave no free scope for the Federal or Provincial Ministers to pursue a policy suited to the need of the country. The provisions relating to the prevention of every administrative discrimination are highly unsatisfactory from the Indian point of view while the endorsement of the recommendations of the External Capital Committee is halfhearted and incomplete. The Fiscal Autonomy Convention has been thrown to winds by the introduction of the principle of reciprocity and further by the new Anglo Indian Trade Pact according to which even during the currency of the period of protection, the British interests can reopen the question. No industry can be certain under such circumstances of the continuance of the legitimate protection and Indian can tal

cannot come forward under conditions of such great risk

COST OF THE SCHEME

Subject to the creation of industrial atmosphere mentioned in the preceding paragraph the scheme suggested in this memorandum should go a long way to solve the problem of unemployment in the United Provinces. It is impossible to make any adequate or approximate estimate of the cost of the scheme embodied in the preceding pages. Spread over a period of 15 or 20 years it may cost anything up to 10 to 15 crores or 14 crore annually. Additional taxation at present is out of the question but there is every reason to believe that if the public are assured of the utility of the scheme they will come forward for giving donations and endowments for educational purposes to an adequate extent. The major part of the cost would have to be found by the Government. This may be done by promoting a corporation to be styled as the U P Economic Reconstruction Finance Corporation on the lines of the American Reconstruction Finance Corporation. Just possible in the beginning the share capital may have to be guaranteed by the Government regarding the payment of dividends and the repayment of the principal or the debentures may have to be purchased. The Government could do this by floating a long period loan to be repayable say after 50 or 60 years the proceeds of which could be utilized for the purchase of debentures of the proposed corporation.

The working of the scheme along right lines would not only provide employment for the growing army of the educated unemployed young men of the province but it would also provide for the economic rehabilitation and stability of the province

A country which sponges on the past for its beauty is a country which has lost the power to create beauty. If we cannot build a better bridge than Waterloo Bridge then we do not deserve Waterloo Bridge. If I could enable every workman to own his house and every farmer his land, I should I am certain, do more to stabilize life in this island and to preserve the varied pattern of our character than I could possibly achieve by any other means. In my youth I listened to Tories who told me that only those people who had what was called a stake in the country should be allowed to govern it. This assertion puzzled me. If property owners alone had a stake in the country then it seemed reasonable to

suppose that the more property owners there were the greater would be the stability of the country. But I thought too that any man who had a living to earn had a stake in the country since his welfare depended on its prosperity. The supposition that an unskilled labourer if there are any labourers who are unskilled has less stake in the land that support him than a man who owns a country seemed to me then and seems to me still entirely fallacious. This supposition has not prevented those who support it from urging and even compelling propertyless men to fight for the country in which they are said to have no stake.—ST JOHN ERVINE.

Economics in the West.

Local Loans and Conversion

London Times, 1935.—The opportunities presented to and accepted by the Treasury in recent years of reducing the Government interest charges have led to wide predilection.

One of the possibilities of a conversion operation in respect of three per cent local loans stock. This possibility has been reinforced by the near approach of the market value of the stock towards parity with a level not reached for more than a quarter-of-a-century. The subject does not directly touch upon the Government finances for the interest on the stock does not constitute a charge on the Exchequer and is therefore not provided for in the budget. Behind the possibility of conversion however lies the suggestion that a reduction of interest outgoings on the stock would further the general policy of the Government by leading to a diminution of the interest charges upon numerous local authorities similar to the reduction recently secured by a number of large authorities through conversion of stocks and other forms of debt issued under their own names. Both to holders of local loans stock and all concerned with local government finance it is of interest to inquire into the facts relating to the stock itself and the use made of the funds raised by it.

The inquiry must naturally begin with the Local Loans Fund which is the account charged with service of the stock. The Fund was established under an act of 1891 in replacement of a system of limited application which had operated more or less unsatisfactorily for seven years. It is essentially a little as the House of Commons interested in the subject when Mr. Cochen brought in his plan that in his own words, "regards to a financial inquiry its member there is no opposition to it whatever. No notches of amendment were even in no honourable members rose to speak on it." The Fund is controlled by the National Debt Commissioners though the actual management in the account is entrusted to the Bank of England.

parallel with the Fund is a body with the title Public Works Loan Board consisting of about twenty commissioners drawn chiefly from financial and independent circles of the Government and the civil service. The principal task of the Board is to arrange in the local authorities and the borrowers under the original act and subsequent legislation money for such loans in proportion.

The Local Loans Fund. All receipts for interest on loans and repayments thereof are handed over to the Fund and out of the Fund paid interest in quarterly instalments on local loans. The capital repaid to newly issued stock are likewise paid into the Fund. As while the Public Works Loan Board is an advisory operative body the Local Loans Fund is simply an account created entirely apart from the Government's own making up the national budget. Since the issue of local loans stock does not fall within the Government's own interest provision the stock outstanding is not entered in the statement of a national debt. Indeed the Government is not a statutory liability even contingent respect of the principal of the loans. The guarantee is solely in respect of interest.

THE PUBLIC WORKS LOAN BOARD

Before pursuing the account of the role of or object we must first consider the nature of the lending business conducted by the Public Works Loan Board. The result of operation has been considerably broadened since 1911 but remains true to the principal object of the system to provide long term loans to smaller local authorities generally speaking with a rateable value not exceeding a quarter of a million pounds for public purposes laid down in various acts. The evidence need which the arrangement seeks to meet arises from the relatively advantages of occupation occupied by small local authorities against their larger brethren who are able to raise money direct from the public through the new issue market or in other ways. The specific purposes for which loans may be made to local authorities by the Board are detailed in a long series of acts concerning the participation of local authorities in schemes of housing, electric lighting, land drainage, provision of small holdings, educational facilities and other things but all of them have in common

* National Debt and Local Loans Act 1891 & 1901.

† A full history of the origin and later development of the system was contained in a blue book of 1931 entitled Report by the Secretary and Comptroller General of the Proceedings of the Commissioners for the Redemption of the National Debt from 1860 to 31st March 1930.

the undertaking, of capital works yielding lasting assets of permanent economic or social worth. In addition to a limited and in practice small extent the Board has been entrusted from time to time with powers to make loans to companies, individuals and public utility societies chiefly for purposes of building or reconditioning houses, provision of allotments and so forth.

In the course of nearly fifty years of operation the Board has made a large total of loans, some part of which has been repaid. On March 31st last the total of loans outstanding was £291 millions and of this sum £277 millions was secured on rates, the rest being secured on property. Thus only a very small total was attributable to borrowers other than local authorities. Among the purposes of the loans still outstanding housing bulks by far the largest accounting under various acts for no less than £231 millions. The aggregate amounts of loans outstanding at the end of various years are given in the following table which shows that the great bulk of loans was extended in the decade after the war.

March 31	Principal of loans outstanding (£ millions)
1914	73.9
1919	60.6
1920	64.5
1925	167.1
1931	279.2
1932	291.2
1933	299.3
1934	291.0

Most of the loans are for long periods ranging up to eighty years with a preference in interest rates on loans under some acts if the period is less than thirty years. Taking the last full year 1933-34 as an example 42 per cent of the amount of new loans was for periods of more than fifty years and 35 per cent for periods not exceeding thirty years. The Board is not limited to any particular amount of lending in a given period but until recently it was customary for Parliament each year to empower the National Debt Commissioners to furnish such maximum of additional funds as might be thought necessary along with repayments during the year to meet the anticipated needs of the Board for new loans. In 1933 no such provision was made and the reason is obvious when it is seen that in 1933-34 repayments amounted to £9½ millions and new loans to £18 millions. During the current year however the general procedure has been followed. Almost invariably the arrange-

ments between the Board and the borrower provide for payment of equal annuities covering both principal and interest over the whole period so that repayments of principal are pre-eminently tending to become heavier now that the period of many of the loans outstanding is far advanced. Thus in 1932-33 repayments amounted to £8½ millions, and as far back as 1921-22 to less than £3½ millions. It is conceivable that in the absence of a commensurate demand for new loans the Board might on occasion be embarrassed with an excessive surplus of repayments, though some protection is afforded by the imposition of premiums to compensate the Fund for loss of income, upon premature repayment of loans. In any event excess funds would not be left entirely idle since the Board has power to invest in Government securities.

Having regard to the background of monetary conditions in general information as to rates of interest is of special moment. It has been customary for the Treasury to revise from time to time the rates of interest charged by the Board on new loans and to publish schedules of the rates to be charged on such loans for various purposes and to different classes of borrower. The latest revision took place in November last when all rates were lowered by ½ per cent bringing the minimum to 3½. Naturally however in view of the fixed interest liability of the Fund, no variation of pre-arranged rates is possible. It is at this point then that the possible benefits to local authorities of conversion of local loans stock are thought to arise. Last year the average rate of interest on new loans worked out at 3½ per cent as against 4 7/16 in 1932-33 and 5 1/16 in 1929-30. But over the whole of the loans outstanding at the end of March 1934 the average rate was 5 3/16 per cent the actual rates ranging from 2½ on a tiny sum to 6½ also on a very small amount. More than one half of the total bore rates of 4½ to 5 per cent. To local authorities these facts must seem to depict a disadvantageous position by comparison with the terms upon which large corporations can now secure funds through the capital market. On the other hand, in respect at least of older loans compensating benefits have been felt—perhaps unconsciously like so many benefits—in periods of high interest rate. Further it is no more than just to recall that with out some such mechanism as the Fund and the Board provide borrowing facilities for small local authorities would probably have

been limited in the extreme whatever the terms offered

THE LOCAL LOANS FUND

So far the figures we have quoted relate to the operations of the Board and we have now to turn to the position of the Local Loans Fund which supplies money as needed for new loan operations by the Board and receives the money paid for interest and amortization. The latest return of the Fund relates to the year to March 31, 1933 and the balance sheet for that date showed £29½ millions of loans outstanding made almost entirely through the Board to local authorities. The other assets consisted of cash and Treasury bills aggregating £4½ millions and £6½ million of capital included in annuities due from the Irish Free State Government over a series of years—an asset in respect of which no payment has been received since 1932. Against these assets, the liability in respect of local loans stock all bearing three per cent was for a nominal amount of £199 millions and the difference between this sum and the £30½ millions of assets just mentioned represents the uncovered discount on stock issues. From time to time appropriations have been made from surplus income towards extinguishing the aggregate discount but so far only a relatively small part of it has been thus covered. The position is then, that if no more loans were to be made a heavy deficiency might occur, since forthcoming repayments and surplus of income would probably be insufficient to balance the whole of the stock outstanding. Yet to describe the position solely in these words is misleading first because there is no likelihood of a cessation of new lending and secondly since local loans stock has no fixed date of redemption—indeed the stock is described in the Act of 1887 as perpetual annuities, and so far only two small amounts, in all £2½ millions, have ever been repaid. So long as the income from the asset is sufficient to pay the interest on the outstanding stock the Fund is fully solvent.

In this respect there can be no question of the healthy condition of the Fund. In 1932-33 interest received on loans amounted to £15½ millions, and interest paid out on local loans stock to less than £13 millions, the item for expenses of management being only £76,000 while the balance was appropriated towards extinction of the discount on stock issued. Difficulty might conceivably arise if, with heavy repayments far surpassing new loans it were found impracticable to invest surplus funds at remunerative rates. In such condi-

tions the Government might be called upon to fulfil its guarantee of interest.

The heavy discount at which the stock, in the aggregate has been issued—an average discount of almost 33 per cent—is accounted for by the fact that the greater part was placed in times when interest at three per cent was fixed in the original Act, was well below current rates in the new capital market. Thus the amount of stock outstanding on March 31, 1914 was £72½ millions six years later it was only £77 millions but in March 1920 it amounted to £22½ millions and by 1931 had reached £29½ millions while between 1931 and 1934 it rose by only £4 millions. The last public issue of stock was made in January 1922 when £50 millions were subscribed at a price of 57. Since then all new issues amounting to more than £20 millions have been taken up by the National Debt Commissioners at an average price of about 64, presumably on behalf of various bodies such as the Post-office, the Public Works, the Ecclesiastical Commissioners and others for whom they act. How much of the total stock outstanding is held by the public on the one hand and Government departments on the other is not known. It is to be stated however as a matter of common knowledge that members of the public hold a substantial proportion of the total so that the question of possible conversion is a matter of widespread interest.

THE POSSIBILITY OF CONVERSION

As already mentioned the stock has no fixed date of repayment though the Act of 1887 laid down that redemption at par in whole or in part could be determined upon at any time from 1912 onwards at not less than one month's notice by resolution of the House of Commons. We may start our consideration of the probabilities by observing that the Government may be induced to order repayment—without which an offer of conversion could hardly be effective—only by one of two conditions either that the surplus cash in the fund becomes embarrassingly large, involving the Government in a partial payment of interest under its guarantee or that by a process of conversion a new stock can be substituted bearing a lower interest rate. In any event if a scheme of conversion were decided upon an act of Parliament would be required to authorize the issue of other than three per cent perpetual annuities for the Local Loans Fund and to determine the mode of redemption. The second of the two conditions we have mentioned is the one to which attention is now directed. It is

Canadian Trade and Finance.

Base Metal Production

Montreal Dec 31 1934—Public interest in the spectacular rise in the price of gold and the rapid gain in the value of Canadian gold production has tended to obscure the noteworthy advances which have been achieved by the base metal mines. During the nine months ended last September the volume of the production of the four principal base metals showed increases ranging from 23 to 83 per cent. The most substantial gain was that of nickel and the least expansion that which took place in copper. A steadily increasing proportion of Canadian ores are melted and refined within the country with the result that both mining and allied industries have shown pronounced recovery through the expansion in world demand for these material

CANADIAN BASE METAL PRODUCTION

Metal	First Nine Months		Percentage Increase
	1934	1933	
	(Pounds)		
Nickel	97,879	97,039 48	83
Zinc	134,504 90	116,550 14	61
Lead	19,319 44	16,681 693	77
Copper	1,046 51	869,981	77

In view of the efforts which are being made to regulate the total world production of almost every individual metal except iron it may be of some interest to know why Canadian production has not been brought under regulation by the cartels.

Almost every major ore body in Canada contains two or more minerals so that base metal mining operations have resulted in the production of more than one metal. From the standpoint of the individual miner there is a possibility of better financial activity as a result of these combinations. When the price of one metal falls to unprofitable levels or that of another shows marked gains mining operations can be correspondingly adjusted. Thus one mine in British Columbia found copper prices too low to permit continuance of former operations but was able to begin working on an ore body with a low copper content and a relatively high zinc content combined with small percentages of gold. During the years of low copper prices copper has been produced in Canada principally as a by-product in the recovery of other metals. The expansion of Canadian copper output has been the indirect consequence of increased production of nickel and gold. Thus the president of the International Nickel Company in a recent statement

shareholders said: "In extracting nickel approximately two pounds of copper are recovered for every pound of nickel. This means that copper is now being mined at the rate of more than 90,000,000 pounds per year as the direct result of providing the nickel required in diversified industrial markets throughout the world."

The Rouyn area of Quebec is another famous example. Developed and originally organized for the production of copper, low copper prices and the increase in value of gold caused main emphasis to be placed on gold production and copper was relegated to its present position as a by-product. Many of the Canadian mines produce small quantities of the precious metal—gold, silver, platinum and others of the platinum group—in their ordinary mining operations and the sale of the precious metals has permitted the maintenance of base metal operations during the depression. The continued production of certain base metal commodities of demand has complicated the world market situation. The low production costs of such by-products has offered serious competition to the high-cost mine of other countries and various measures have been taken to offset this competition. In 1932 the United States, formerly the dominant factor in the copper market, found it necessary to impose a duty of 4 cents per unit on all imports of copper and other countries have taken similar action to protect domestic production or to aid mining colonial possessions. In recent months a rapid gain in output of low cost copper in various parts of the world has forced producers to undertake negotiations for an international agreement for the curtailment of output.

THE WORLD COPPER SITUATION

It is the customary practice to divide world copper consumption under two headings: that consumed in the United States amounting in normal years to approximately 50 per cent of the total and that consumed in the other countries. It is a commentary both on the general trend toward world recovery and on the part that electric power is to play in the developments of the next few years that copper consumption in countries other than the United States during 1934 was at a rate in excess of the peak year 1928. Consumption in those countries in November amounted to

100,000 ton the highest on record compared with an average monthly consumption of 85,000 ton in 1928. As a further indication of the upward trend in the use of copper the consumption of electrical energy in Canada is now 20 per cent above the record of 1929. While part of the amount produced is consumed in electric boilers even this use of electric power implies increased use of copper products.

In spite of the high rate of consumption unofficial estimates of copper stocks in countries other than the United States have increased by 5,750 tons since January 1, 1931. There is some question moreover regarding the extent to which the high November record in foreign copper consumption was influenced by purchases in anticipation of the proposed copper cartel. Preliminary discussions of plans for international control of copper have been in progress over a period of months and the final meeting will take place in New York in January.

There are four principal sources of copper—South Africa, Chile, Canada and the United States. The output in the first three countries has shown rapid expansion during the past year and the percentage increases in African and Chilean production have been greater than that in Canada. Part of the growth is attributed to the rapidity with which the famous Rhodan mines have been placed on an operating basis. Costs of production in these countries are very low and it is estimated that present world prices of approximately seven cents per pound provide an ample profit margin for many mines.

Since these South African and Chilean mines are primarily producers of copper their output can be more or less readily adjusted to change in world demand and these countries accordingly will be forced to bear the brunt of any programme to balance world production and consumption. Canadian producers while anxious to co-operate point out that unless the world is prepared to do without its supplies of other necessary metals their output of by-product copper cannot be reduced. This problem has been recognized by the other countries interested in the curtailment of output and a proposal will be laid before the conference in January whereby American and other foreign producers of copper will endeavour to overcome this difficulty. Under this arrangement a joint pool will be formed to purchase Canadian by-product copper as it is offered and to hold it off the market until

conditions warrant its sale. Although such a plan appears to have the disadvantages inherent in the accumulation of stocks which may overhang and depress the market it is considered the most practical method of removing one of the major obstacles to an international agreement.

Aside from this proposed pool to hold Canadian stocks few details of the curtailment programme to be discussed at the New York meeting have been announced. It is understood however that the organization may follow the system which has been successfully applied by the International Tin Committee which control world output of that metal. On this basis production quotas for each signatory of the agreement would be fixed quarterly in relation to estimated world consumption. Reports vary as to the degree of restriction that will be imposed but it is generally believed that the original reduction in output will be 20 per cent. As far as the United States is concerned the plan will probably involve the restriction of exports and the regulation of output in order to prevent accumulation of stocks from current production.

The present situation in the United States is practically the reverse of that in other countries. Prices are high, consumption has fallen off and output is being maintained at low levels. In view of the increase in consumption in other countries during the past year however it is logical to assume that any gain in industrial activity in the United States will see an even more pronounced gain in the use of copper.

The price for Blue Eagle copper which is produced under the conditions established by the N. R. A. has been maintained at nine cents per pound substantially above world parity. Since the United States Government will purchase no article which is not guaranteed to contain only Blue Eagle copper few producers care to use other copper in ordinary products which may ultimately be offered for sale to the Government. Stocks of this other copper have also been reduced by exports. Of course other copper does not command a premium.

In the face of low consumption and poor demand the Blue Eagle copper price has been maintained by the curtailment of production. Since the middle of September primary producers have waived their quotas and preference has been given to the output of custom smelters and producers of reclaimed copper. This waiver will remain in force at least until

January 31, 1935. These measures have been taken because the "weighted average costs" of copper production in the United States are estimated at 8.9 cents per pound and in individual cases the cost is even higher. The high cost of production is due to the chemical complexity of the ores, the elaborate technical equipment required and the relatively high labour costs. Since the domestic situation is under the firm control of the Code Authority, United States interest in the world restriction programme arises principally from large investments in Mexican, African and South American mines.

The following tables show production stocks and consumption from 1928 to the present time. It will be noted that production was in excess of consumption from 1928 through 1932 and stocks increased accordingly. The decline in stocks in 1933 and 1934 amounts to about 35 per cent of the amount at the peak. A second notable fact is that although United States consumption is normally about equal to that of the rest of the world it is now only slightly more than half as much. While the overwhelming bulk of the surplus is being held in the United States, it has been the falling off in United States consumption which was the largest factor in producing the surplus. The column showing consumption in other countries is remarkably even, considering the violence of the depression; the corresponding column for the United States contains the violent fluctuation.

WORLD MINING PRODUCTION OF COPPER (Long tons—000 metric t)

	Canada	Africa	South America	United States	World Total
1928	88	128	350	848	1,717
1929	102	151	358	856	1,820
1931	136	162	270	634	1,548
1931	130	151	267	463	1,323
1932	112	127	126	228	850
1933	125	165	120	210	902
1934*	158	—	—	—	1,240

WORLD COPPER CONSUMPTION

(Long tons—000 metric t)

	United States	Other Countries	Total
1928	875	918	1,793
1929	939	896	1,835
1929	722	824	1,546
1931	536	720	1,256
1932	300	652	952
1933	345	780	1,125
1934*	370	860	1,230

COPPER STOCKS

	North & South America	Great Britain	Other Countries: France, Japan, etc.	Total for these countries
28	65,466	7,617	2,334	63,622
29	171,320	7,284	5,165	141,099
30	367,175	8,595	3,896	431,334
31	544,278	23,925	9,835	714,282
32	572,791	41,064	6,652	3,499
33*	593,000	34,014	—	5,000,000*
34*	3,400,000†	—	—	400,000*

* Estimated

† November 30

Notes from London.

Indian Groundnut Trade.

London.—The pre-eminent position of India as a producer and exporter of groundnuts is clearly shown in the Imperial Economic Committee's latest published Survey—that on "Groundnut Products" (H.M. Stationery Office, 4s. net). This volume continues the Committee's examination of world production and trade in oil-seeds and vegetable oils. Two facts in the world trade stand out: first, the great increase—nearly threefold—in the world trade in this commodity as compared with pre-war, and secondly, the still greater increase in imports into Germany, which in 1929 and in 1930 were nearly ten times the quantities imported pre-war. India supplied the larger part of the increase in world trade. In 1933, one half of the exports of groundnuts and groundnut oil originated in India.

The Survey quotes the export figures of groundnuts through British and French ports as shown in the returns of the sea-borne trade of British India but adds that these figures do not include the exports through ports in Portuguese India or the Kathiawar States. According to the Survey, these exports amounted to some 169,000 tons in 1933, or slightly more than a quarter of the total exported otherwise in that year from India. In the peak year 1928-29 exports from India exceeded a million tons. In the worst year of the depression, 1932-33 total exports had fallen to 563,000 tons. This also was the year in which India's chief competitor, West Africa, suffered a most. In both areas a recovery in export trade took place in 1933-34, but this was relatively more marked in West Africa than in India—West

Africa (British and French) exporting 559,000 tons, as compared with 744,000 tons from India.

Madras where groundnuts were first grown in India is still the chief producing area. Production there is about twice as great as in any other province. Bombay (including the States), Hyderabad and Burma together with Madras account for almost the whole Indian crop. Their production showed a four fold increase in the twenty year from 1914 to 1934.

France still remains the largest export market for the Indian crop although an increased proportion of her supplies now comes from her West African colonies. The Netherlands and Germany which, prior to the War took very small quantities are now important markets. In addition to the export of groundnuts India has a larger export trade in cake than any other groundnut producing country. Exports of groundnut oil are small.

World trade reached its peak in 1931 but declined very suddenly in 1932. Since then recovery has been taking place and is apparently still continuing. The check to world trade has not however materially decreased production. In the year ending March 1934 the production of nuts in India was returned at over three million tons for the first time. Fortunately for world trade, stocks of groundnuts do not tend to accumulate over long period. In all producing countries an elastic home demand exists which undoubtedly enables producers to meet rapid and marked changes in external demand. The Survey shows that local consumption in India, which normally accounts for about one-half of the crop, increased to about three quarters in the years ending March 1933 and 1934.

France and Germany are the largest importers of groundnuts taking together over 70 per cent of the world imports in 1933. Except in 1928 and 1929 when Germany took the lead, France has always been the largest importer. Moreover these imports have steadily increased during the last ten years whilst the quantities imported into Germany have fluctuated violently. The next two chief importing countries—the United Kingdom and the Netherlands—together imported in 1933 less than Germany.

The Survey analyses the trades both in groundnut oil and in cake. In connection with the former it supplies interesting details of the quantities of different oils and fats used in the manufacture of margarine, compound lard and soap in the United Kingdom in each of the years from 1927 to 1933. The figures

given illustrate the interchangeability of the various oils and fats. Prices of groundnuts and of groundnut oil are largely affected by the prevailing prices of other oils and fats. From the record of quarterly prices extending back to 1911 it appears that the lowest level was reached in March 1934, since which date recovery has taken place, yet in September 1934 the wholesale price of groundnuts was less than two thirds of the rates prevailing in September 1911, 1912 and 1913. World prices of these vegetable oil seeds and oils have undoubtedly been adversely affected during the last two years by the restrictive measures on the output and consumption of margarine and lard substitutes introduced in several European countries with the object of raising the local prices of butter and lard.

ARTIFICIAL FERTILIZERS

Nitrogen, potash, phosphates and lime are the most important elements in agriculture. While it is unusual to find a soil deficient in certain other elements necessary for plant growth it is by no means uncommon to find one lacking one or more of those named above. In times of financial stress many planters feel inclined to reduce what should be routine application of fertilizers on the grounds of expense. This is a short sighted policy in that succeeding crops show a falling off in both quantity and quality. A judicious increase in the use of artificials will often make the difference between a small and a large profit and so tide the planter over a lean period.

Most fertilizers supply one plant food only, but Calcium Cyanamide supplies two, as in addition to nitrogen each cwt. of Cyanamide contains the equivalent of 120 lbs. of chalk. It is a well known fact that small frequent dressings of lime have more effect than occasional heavy ones. The lime contained in Cyanamide is in a very finely divided state, which increases its availability and its capacity for correcting the acidity of sour soils, while its highly active nature makes it of value in weed destruction and in the control of certain pests and diseases.

In the soil Cyanamide undergoes a series of changes the net result of which is to produce a steady supply of nitrogen for the plant. Leaching of valuable plant foods is thus largely prevented.

There can be little doubt that the increased use of fertilizers would materially reduce the cost of production and thus enable agricultural products to be sold at a profit even during periods when low prices prevail.

LIFE ASSURANCE EXPANSION

Life assurance figures are too often considered *in vacuo* as though they had no significance as an industrial mirror or an index of national prosperity. In point of fact the first batch of the returns for 1934 business showed clearly enough the result of an improvement in trade.

In nearly all the published returns the number of policies issued increased. This suggests in view of the fact that in one or two instances the value of new business shows a decline that many new policies were for smaller capital amounts—taken out by those earning moderate incomes.

In the majority of cases the figures showed a considerable improvement upon those for 1933. Particular attention naturally concentrated on the achievement of Prudential Assurance in topping the £22,000,000 annual for new sums assured in the ordinary branch. It must be remembered however that life insurance in the shape of endowments had achieved considerable popularity as a medium of investment as well as of insurance. This has been accentuated by the fall in interest rates.

The significance of these results for the investor is obvious enough. Generally speaking insurance equity shares are still worth purchasing at current rates though the market should be closely watched. They represent a hedge against a fall in the gilt-edged market.

LATE LORD RIDDELL

It is with sincere regret that we record the death of Lord Riddell at the comparatively early age of sixty-nine. He will be chiefly remembered as a great humanitarian and for his distinguished service to the Empire. With his vast newspaper interests—he was chairman of the Newspaper Proprietors' Association and of the News of the World Ltd. (see News Ltd. C. Arthur Pearson and a number of other companies)—Lord Riddell was the modern Father of Fleet Street and was closely identified with working journalists through the Press Club of which he was president. At the memorial service which was held at St. Bride's Church, Fleet Street, so great was the crowd that many well-known people were unable to obtain admission. If journalism was his business, the relief of suffering was the thing which lay nearest to his heart, said the vicar the Rev. Arthur Taylor in an address eulogising Lord Riddell's work.

ROAD COMPETITION IN INDIA

The question of road competition with the railways was referred to by Mr. J. M. Rendel at the meeting of the Assam Bengal Railway. He gave two instances in which the Railway affected. In Upper Assam the diversion of the river from railway to river has been made possible by the motor lorry while at the northern end of the line it is understood that a road is to be constructed from Chittagong running parallel with the Dohazari Branch of the Railway. Mr. Rendel urges the continuation of all traffic services in India so that they will supplement and not compete with one another. The question of competition referred to in the sketch proposals for the re-administration of Indian Railways and Mr. Rendel's view the recommendation on this subject if carried out will go far towards a systematic treatment of the transport problem.

LLOYD LIST

In the course of 1934 Lloyd's List has completed two hundred years of continuous publication. It made its first appearance from Lloyd's Coffee House in Lombard Street during the year 1734. A 48-page illustrated centenary booklet entitled *Lloyd's List 1734-1934* has been prepared and is now being circulated among the shipping, building and insurance communities throughout the world. It describes the rise and development of Lloyd's List in details, many features contained in its pages to day itself justify its claim to be a complete daily shipping newspaper.

DEATH OF DR. ISIDOR SCHEFFTELOWITZ

The death occurred in Oxford on December 1 at the age of 59 of Dr. Isidor Schefftelowitz, distinguished scholar of Indian and Iranian philology and of the comparative history of religions. He was mainly concerned with the Sanskrit, the Zend Avesta and Zoroastrianism and the Hebrew Old Testament. He was also at home in the general philology of Iranian languages and in Aramaic, Armenian and Slavonic. Dr. Schefftelowitz came to England in 1933 as a refugee from Germany, became attached as a teacher to the Montagu College, Ramsgate and also lectured for the Board of the Faculty of Oriental Languages and Religions in Oxford. In this latter connection he was attached to Pashall College. This summer he moved with his family to Oxford as he had been appointed to deliver a course of lectures on Zoroastrianism.

The International Labour Organization in 1934.

Review of Work Accomplished

New Delhi 14th January 1935—The year 1934 was an important one in the history of the International Labour Organization.

Entry of United States and Russia—On 20th August 1934 the United States officially accepted membership of the Organization and a month later the U.S.S.R. also acquired membership by virtue of its entry into the League of Nations. Afghanistan and Ecuador became members in September of the year. Thus 62 nations now belong to the International Labour Organization which has therefore reached a decisive stage on its way to becoming definitely a universal institution.

Larger role of Governing Body—Its universal character has moreover been emphasized within the structure of the Organization itself as a result of the coming into force of the amendment of the Treaty of Peace—the application of which has remained in suspense for twelve years—allowing the election for the first time of an enlarged Governing Body. This new form assures a closer collaboration of the Government, employers and workers of extra-European countries.

New Life Begins!—These developments will afford the Organization greater possibilities of success in connection with the problems raised by the depression throughout the world which owing to their great and varying scope can only be dealt with properly by an institution of world-wide extent. It is evident that the effective participation of the United States will on the one hand provide the Organization with very valuable information on the great effort of economic reconstruction which is being carried on by President Roosevelt's Administration and which interest all other countries and on the other hand will bring new life and viewpoints into the international discussion of the steps to be taken to combat stagnation of economic life and consequent unemployment.

Reduction of Hours of Work—This will be particularly noticeable in dealing with the problem of hours of work, one of the chief tasks of the Organization and one in connection with which the United States has acquired most valuable first-hand experience. At its 1934 Session the International Labour Conference took no definite decision on the question but it was again placed on the agenda

of the 1935 Session in a form which is somewhat analogous to the American system of codes since it aims at the adoption of a Convention providing for the reduction of hours of work throughout the sphere of economic activity but allowing the application of the reform industry by industry with the adaptations appropriate to each case. At its 1934 Session moreover the International Labour Conference achieved definite progress in this field by adopting a Convention on the reduction of hours of work in automatic sheet glass works—to the same effect as the one it adopted in 1931 for the limitation of hours of work in coal mines. It is hoped to secure the partial revision of this latter Convention in order to facilitate its ratification.

Conventions adopted in 1934—In another field also equally allied to the social consequences of the depression the Conference this year obtained an important success by adopting an International Convention on unemployment insurance and assistance for the unemployed. All the States which ratify the Convention are bound to set up a system which will ensure that persons involuntarily unemployed shall have either a benefit (compulsory or voluntary insurance), an allowance (assistance) or a combination of the two. At the same Session the Conference extended the scope of the 1919 Convention on compensation for occupational diseases so as to include additional processes, one of the diseases so added being silicosis; it also adopted a partial revision of the 1919 Convention prohibiting the night work of women which left the general lines of the Convention untouched but made certain minor changes with a view to facilitating ratification by a larger number of countries. The total number of Conventions adopted by this year's Conference was therefore four; it also accomplished the first stage in the preparation of two Draft Conventions to be submitted to the 1935 Session for adoption. One of these concerns the conservation of pension rights of migrant workers and is a question of particular interest for countries having a very complete system of social legislation. The other aiming at the prohibition of the employment of women in underground work in mines is on the contrary, mainly important for countries which are yet only in the first stages of industrial development.

The contrast presented by these two problems is characteristic of the wide field of action of the Organization.

Age da feir 1935 Co fere ce Natu Lalo r —No less significant is the choice of the other questions which the Governing Body of the ILO has decided to bring to the attention of the International Labour Conference for the first time in 1935: the agenda of the Session comprises besides the problems of the unemployment of young persons and holidays with pay, the recruiting of native labour in colonies and in other territories where labour conditions are similar. The ILO has drawn up carefully documented reports on these various problems to serve as a basis of discussion by the Conference. It has also made preliminary studies of general questions suitable to be brought before the Conference at a later date such as safety of workers in the building industry, the employment of children in the cinematograph industry, the recruiting and placing of migrant workers, collective agreements, etc.

St dies and Propts, Public Int'l —Also entirely apart from any proposal for international regulations the ILO has investigated in the light of the experience already gained in many countries the necessary lines of a rational public works policy aimed at ameliorating unemployment and creating new economic activity. In this connection it may be recalled that this year's session of the Conference adopted a resolution in favour of better co-operation in this field between States. The principal studies which the ILO published during the year dealt with the organization of Social Services in 24 countries, Industrial Hygiene (an account of the basic principles of general regulations for industrial health), International Comparisons of Cost of Living, International Standards of Labour Statistics, Hours of Work in Postal, Telephone and

Telegraphic Undertaking, etc. From the scientific standpoint the ILO continued to work with the greatest attention the effort of social and economic reconstruction in the United States and it published a new and especially important study on this subject.

tra Eur pean Countries Special Report —Further the report of one of the Assistant Directors of the Office, Mr Fernand Maurette on Social Aspects of Industrial Development in Japan aroused the greatest interest in all industrial, commercial and financial circles: the more so as it was a first contribution toward the solution of the questions of competition and standards of living which have arisen almost everywhere as to the rapid industrial development of many countries that until recently had remained outside the main currents of international competition. This question was freely raised at the 1934 Session of the International Labour Conference and at meeting of the Governing Body by delegates of all parts and from all parts of the world. The progress achieved in 1934 by international social legislation in extra-European countries cannot be too greatly emphasized in this connection. Of 57 ratifications of Conventions which were registered during the year 44 were by countries of Latin America and 3 by China.

Director's Visits —If the development of the work of the Office of the Director of the International Labour Office, Mr Harold Butler, in the spring to Rumania, Bulgaria and Yugoslavia and in the autumn to the United States and Mexico, the missions of Mr Maurette to Japan and those made by other officials of the Office to South America will be found that a steady tendency towards versatility stands out definitely as the leading feature of the activity of the ILO in 1934.

A bad constitution is like a fire or flood. The householder and the citizen ought not to quit the scene of action lest their presence should be construed into an official recognition of the calamity. An imposed constitution affects the people and their fortunes in just the same way as an agreed one. To work the one is no less a duty than to work the other, perhaps it is more. Technically it may be described as co-operation with Government. In one case co-operation brings pleasure, enthusiasm, satisfaction; in the other it is a duty to one's countrymen performed under

culture and discouragement but not necessarily from a desire to help the Government enjoy its honour and patronage. What matters is not the action itself but the spirit, the motive behind it.

RT. HON. V. S. SPINIVASA SASTRI.

Put it is likely to become an awful warning to the world of what the destruction of intellectual vitality may mean to a country. No mental life can go on without freedom to criticize. —H. E. WELLS.

International Labour News.

India's Studies in Industrialism

I L O Indian Branch New Delhi 12th February 1935—The announcement of the new ranking of the eight States of chief industrial importance necessitated by the entry of the United States of America and Soviet Russia into the International Labour Organization was one of the most important decisions taken by the Governing Body of the I L O at its January Session. The Governing Body, after devoting two private sittings to the consideration of the reports on the question by experts based on certain official tables and statistics adopted by 24 votes to 1 (that of the Canadian delegate) the following resolution—

The Governing Body having considered the reports submitted by its officers concerning the revision of the list of the eight States of chief industrial importance recognizes that the eight States Members of the International Labour Organization of chief industrial importance are, in the French alphabetical order—Germany, the United States of America, Great Britain, France, India, Japan, Union of Soviet Socialist Republics. Accordingly the representatives of the Governments of the above States will sit on the Governing Body as from the beginning of the next Session as representatives of the eight Members of chief industrial importance.

The Governing Body also adopted a resolution to the effect that in view of the desirability of enabling the States which no longer figure in the list of eight States of chief industrial importance to be associated with its work until the next election of the Governing Body the representatives of these Governments should be regarded as deputy members of the Governing Body. The old list established in 1922 which the latest decision abrogates included the following States: Belgium, Canada, France, Germany, Great Britain, India, Italy and Japan. The two displaced States are therefore Canada and Belgium.

Mr Mahaim, representative of the Government of Belgium, one of the displaced States, discussing the juridical and statistical aspects of the problem, asserted that from such standpoints the position was confused and that the question was not soluble by a truly scientific method. He however pointed out that the political aspect of the question was more important. According to him the entry of the two new States into the International Labour Organization was of great significance. The United States is a great country where at the present time social and economic developments

of the greatest importance were taking place and the other the U S S R is the theatre of an amazing social development, and information as to the events there taking place was very necessary for all countries. Mr Mahaim asserted that no country was more strongly attached to the I L O than Belgium and that it was in the spirit of proving that attachment anew that his country would bow to the decision of the I L O.

It is satisfactory to note that despite the incipient challenge to its position entailed by the admission of new members India because of its great industrial importance is still assigned a place on the Governing Body and is thus able to have a powerful voice in the inner councils of the I L O and in the direction of its administrative machinery and policy. It was only as the result of a vigorous representation made by the Government of India that the country was given a seat on the Governing Body in 1922. This was satisfactory so far as it concerned India but there yet remained the criticism that non-European countries on the whole were inadequately represented. To meet this criticism an amendment of Article 393 regulating the composition of the Governing Body, was effected in 1934 by which the membership of the Body was increased from 24 to 32, the ratio of representation being kept as before, namely one half to represent Governments, one quarter to represent employers and one quarter to represent workers. Of the sixteen persons representing Governments on the Governing Body, eight are appointed by the States Members of chief industrial importance—the others being appointed by States Members named by the Government delegates to the International Labour Conference, excluding the delegates of the eight chief industrial countries. The demand for additional representation made by non-European countries was met in the new amendment by the provision that six of the Government representatives, two of the employers representatives and two of the workers representatives shall belong to non-European States.

India's position is further strengthened by the fact that the country has considerably increased its prestige at Geneva by the solid contributions made by successive Indian delegations to the various sessions of the

I L Conference as also by the valuable services rendered to the Organization by her representatives on the Governing Body. In recognition of his merits Sir Atul Chatterjee who was for long India's representative on the Governing Body was unanimously elected president of the 10th Session of the I L Conference held in 1927 while later he was also elected Chairman of the Governing Body

for 1933 both distinctions in the international sphere accorded for the first time to an Indian. India has at present three representatives on the Governing Body. Sir B N Mitra Government representative, Mr Davil Trulkar Employers representative and Mr N M Joshi Workers representative and is thus enjoying the maximum representation in this important body.

Notes on Rural Life

By "Son of the Soil"

We referred to the suspicion and distrust with which the Mahatmas work of rural reconstruction is viewed by the Government. The Hallet Circular has evoked a reply from Mahatma Gandhi which is characterized by that unique moral sensibility for which he deserves to be even idolized. He replied, "I should be very glad if the Government were to take the wind out of my sails. Much of the work that I propose doing is what Government ought to do. Let Government do whatever they can do only let not anything be superimposed on the people. If Government helped me I could produce magical results but it could be possible only if they helped me in the right spirit. There are so many ways in which they could help. They could help with the necessary legislation. But pray don't ask me to express any opinion on what Government are doing. I do not want to criticize their work. If it were necessary I should write to them. So far as I am concerned my life is an open book and there is absolutely nothing that I would keep secret from them. What dharmic work is spoken with the great hold on Dharma which is largely the Mahatmas. We wonder if the Government of India are bent upon creating impossible situations and then shifting the blame on to others. We have always prayed to the Government to take the Mahatma into their confidence for none else can so wholeheartedly unboon himself to them *provided he found the charge of heart that he craves for*. On the other hand instead of allowing the Mahatma to do his work unhindered they will play the part of the CID to his village upliftment work. If they are anxious even as Gandhi is for the amelioration of our masses they could easily have summoned him for a conference to chalk out a well thought out programme of village recovery. We are tempted to laugh as well as to weep at the inscrutable ways of our Government.

laugh because they cannot see the writing on the wall before their eyes and to weep because they put honest and peace loving men and women to needless anxiety and trouble. What is even more remarkable is that this movement which is so much suspected and so much distrusted is enjoying the willing and glad help of men of diverse ways of thought. Professor Sam Higginbotham a servant of the Government and Sir Robert McCarron a distinguished retired servant of the Government—these are alibetters to the crime of the Mahatma. What an idea Mahatma is to be disgruntled if he can induce Higginbotham and McCarron to be accomplices in his ratagem. And looked at from a different point of view if the hypocritical adulated the Hallet Circular is true the Government can be to great condemnation if it can drive Higginbotham and McCarron into the ranks of revolutionaries and overthrowers of the Government.

Professor Sam Higginbotham one of the big figures that have adorned our Government service writes as follows in the course of a letter reproduced from the *Hanjan*—

Perhaps the greatest obstacle to be overcome to day in village India is the fundamental belief that progress in this age is possible in other words the fatalism that accepts things as they are and has no faith to believe they can be bettered. Work without hope is dead.

The trust of all economic truths. So the truel village worker must carry with him the atmosphere of leading a forlorn hope but the atmosphere of faith and courage and hope that things can be bettered by our own effort and the faith in a God who is more willing to give good gifts to the children than if they are to ask for them. They will be bettered in no other way. It is out of India's soil that her own people with their own efforts

can take enough to make them physically fit for the tasks of the new day. But wise direction is necessary not from above and outside but from those trained to see with the villagers eyes to sit where the villagers sit, and together with him to share in bringing about a fuller richer life. Here is the greatest field of employment for India's educated men and women.

Mahatma Gandhi adds by way of comment. There is a great deal in this with which every lover of the movement for the restoration of village life to its proper status must heartily agree.

* * *

In view of the recent general upward trend of prices of agricultural produce the Madras Cabinet have decided that the concession to be granted to ryots in the presidency this year should be less than that granted last year.

Last year the Government granted a concession of Rs. 2 in the rupee on wet lands and charge for water taken for irrigation in areas settled in or after 1918-19 and in other areas they gave a concession of Rs. 1½ in the rupee.

This year the Government after the recent discussion have decided to give a concession of Rs. 1½ in the rupee for wet lands and in water rates mentioned above and Rs. 1½ in other areas.

Garden lands in South Kanara and Malabar will continue to enjoy the concession of Rs. 2 in the rupee as last year as the price of coconuts has not materially improved.

In regard to dry assessment in ryotwari areas the concession will be one anna in the rupee as last year.

The total loss to the Government by these concessions is estimated at Rs. 50 lakhs as against Rs. 60 lakhs last year.

But the M.L.C.s of Madras rightly contend that the economic depression is still prevailing in all its virulence and therefore demand 2% revenue reduction. *It is not possible to share the belief of the Government of Madras if the so called upward trend is not so perceptible as to necessitate a change of treatment of the poor ryot.*

* * *

Mr. Gandhi has started at one end and now we are starting at another. Provided we both keep off politics there is no reason why we should not eventually co-operate and transform the country for the better. remarked Col. Hardinge (Member Executive Council of the Indian Welfare Association) referring to a scheme for promoting rural uplift

and village education in the North West Frontier Province by the use of the radio.

The Indian Village Welfare Association of which Lord Halifax (formerly Lord Irwin) who was Viceroy of India is the President has arranged to use the Peshawar Wireless Station for an hour daily for broadcasting programmes to 15 select villages within the N.W.F. Province.

The experiment is to be continued for a year under the direction of Col. Noel (Director of Agriculture North West Frontier Province) and it is stated that if it proves successful the Government of India will afford facilities for inaugurating similar work in other places.

* * *

There is practically no field of human activity where a certain amount of corruption will not be in vogue. Individuals and not societies are unimpeachably honest for in every committee or board of management there will always be a few who are likely to lose the higher objective in pursuit of a lower one. It is necessary that the finances of any local board organization must be subject to close and careful scrutiny. Commenting the decision to introduce statutory measures to prevent chairmen of Village Committees from misappropriating taxes and rents taken in Ceylon as a step in the right direction the *Ceylon Daily News* writes editorially as follows:

Such a precautionary measure was in fact long overdue if only those who had a voice in policy were desirous of saving the Village Committee system itself from public ridicule. For though the suitability of local government by Village Communities has from ancient days stood the test of time in this country yet the smooth working of the whole system depends largely on the conduct of Chairmen of the Committees. Since in the first instance they are the officers directly responsible for the collection of taxes and rents the clean administration of village affairs rests on the view these Chairmen adopt towards the use and abuse of public funds. It is too well known that there are Chairmen who though not guilty of flagrant fraud are still susceptible to the habit of retaining in their hands for undue periods of time large sums of money collected as taxes and rents. Even Government Agents with whom these monies are deposited by Village Chairmen cannot be unaware of this pernicious practice though under the present conditions Revenue Officers have no legal power to prevent such temporary misappropriation. But despite these loopholes which could be taken advantage of by irresponsible Chairmen the new Village

Communities Or finance contains no provisions to ensure an effective remedy. An up to date system of accounts and close and frequent auditing would naturally be the only method of preventing maladministration in any type of local governing institution where time and distance stand in the way of immediate control by the central authorities. This for instance is the effective policy of the British Ministry of Health in maintaining the good administration of the many local organizations scattered throughout the country and responsible to it. Supervision of more expeditious accounting by Village Committee Chairmen and an organized audit system would mean increased expenditure but the money would be well spent in achieving the object of purity in

village administration. The mere provision of funds for village amenities would have no beneficial results as long as the existing machinery lays open weak minded Village Chairmen to great temptation.

The experience of Ceylon and the remarks in the paper offers on the new provision to check corruption have lessons to teach us in this country. Local Board finances are the worst managed in this country in it we include our large Panchayat finances. Stern measures, disciplinary action and legal safeguards are essential even in this country to prevent the mismanagement of Local Boards. We trust the politicians and legislatures will take the hint from Ceylon and hasten to repair our financial house in time.

Economics of Sugar Industry.

Sugar Excise Duty Amendment

A New Delhi message states that an amendment to the Sugar (Excise Duty) Order 1934 has been made which provides that the Local Government may empower any officer of any department under its control to search any place vessel or cart or means of conveyance for sugar liable to duty and to seize and remove or detain any sugar in respect of which it appears to them that duty should have been but has not been levied or that any contravention of provisions of the Act or of Sugar (Excise Duty) Order 1934 has occurred.

SUGARCANE IN BENGAL

The jute industry of Bengal its mainstay is passing through a period of unparalleled depression. The decline in the demand for jute and the precipitous fall in the price of that commodity due to excessive production during the last four years have worsened the condition and a complete paralysis has taken hold of that industry. Businessmen are naturally agitated as to what to do. While superhuman efforts are needed and are even made to save the jute industry from utter collapse it is but necessary that the industrialists of Bengal should turn their attention to an alternative industry. Mr M P Guha the learned and able Secretary of the Indian Sugar Mills Association of Calcutta has come forward with a scheme for the introduction of sugarcane as an optional crop. The various points that are in favour of the establishment of that industry in Bengal are enumerated by Mr Gandhi who quotes the Indian Sugar Committee Report

on the efficiency of the Bengal cane grower fairly high.

THE CONSUMER'S POINT OF VIEW

A writer to the *Mahratta* has made out a case for the consumer of Indian sugar. He gives figures to show the steep fall in the prices of Java sugar and the swollen dividends of the various sugar companies. Still he says Indian Sugar mill owners are clamouring for still greater protection.

What an enormous extent of exploitation of the consumers has taken place under the shelter of 'protection'! It is high time that some check were placed on such exploitation before further protection is given to any of the industries. Either an industry deserves to live or if it is not efficient and capable of living except under exceptionally artificial conditions it will cease to exist altogether. There can be no sympathy for mere exploitation as such. The exploited consumers will do well to take immediate note of it. They should see that such things do not take place any further in the name of the interests of the country. The tariff Board also will do well to keep the interests of the consumers before their eyes before they consider any of the proposals made by the manufacturers.

FURTHER PROTECTION ASKED FOR

The Indian Sugar Mills Association and the Indian Sugar Producers Association representing about ninety sugar factories in India and Burma have jointly submitted to the Government of India a Memorandum drawing their attention to the grave danger

to which the Indian Sugar industry is open in the face of Javanese imports and prices. They point out that since March 1934 the import of foreign sugar into India which was steadily declining since the increase of import duty and its subsequent enhancement has been increasing in alarming proportions. Along with this increase in the quantity of imports Java has been following a policy of price cutting as well. They urge that the Sugar industry in this country is threatened with a grave crisis and the Government of India should still further increase their import duty and prevent dumping. The *Commerce* (Calcutta) has thus explained the effect of the Javanese policy on Indian industry —

The successive and continuous reductions in Java prices at the port towns has naturally had to be followed by reductions in the prices obtained for Indian made sugars and these prices are now at such a level that after providing for transport charges and excise duty there is little or no margin of profit left for Indian factories. In this connection note should be taken of the repercussion on the agriculturists if the import duty is not increased. The price of sugar will be lower and many of the factories will not find it possible to continue manufacture. Corresponding to the low price of sugar the sugarcane prices will also decrease and the agriculturists will suffer on account of low prices. In regard to the factories that will cease operating the agriculturists will not be able to sell their produce at all. The objective of the Tariff Board to protect the agriculturists will thus be nullified. It should also be noted that no undue harm will be done to the consumer by an increase in the rate of import duty. Such increase is asked for only to counter-effect the reductions in Java prices. The consumer will still continue to get his sugar at less than

Rs 10 per maund which is equivalent to 2 annas per lb. a rate which compares favourably with that in other countries.

The need for protection is also urged by the *Scarlet Light* of Patna and the *Commercial Review* of the Alleppey Chamber of Commerce. The present position of the Indian sugar is studied in the course of an article in the *West Coast Journal*. With the help of figures of the consumption of Indian and foreign sugar in India of the imports during April to October in 1934 and in 1933 and of the fall in price of the Javanese commodity the article reasons out the case for further protection. It is obvious that no indigenous industry can enjoy real protection if foreign competitors cut down prices below the level assumed in the Protective Act for that industry. The only method of counteracting such destructive reduction in prices is to increase the import duty in a corresponding degree. Governments all over the world have been invested with powers to deal with the dumping of foreign commodities. The Anti Dumping Act in India has given such powers to the Government of India. The Tariff Board also has in most of its recent Reports recommended the method of increasing the import duty in proportion to the reduction in the prices of foreign goods. And in accordance with this policy the Government of India have recently reduced the excise duty on sugar by ten annas since the price of Java sugar has gone down by ten annas from Rs 1 to Rs 3-6-0. Now that the price has still further been reduced by thirteen annas it is quite reasonable and indispensable that the ruin threatening the indigenous sugar industry should be warded off by an increase in the import duty on Java sugar or any other foreign sugar that resorts to this game of cutting down prices to capture markets.

All your fortune lies beneath your hat
Eat onions if you like but don't breathe it
to a soul

Many a man works himself to death trying
to make a living

Many a girl who knows nothing about archery
can draw a beau

Hot air can take a balloon a long way but
it can't keep it there

Some pianists play from note some from
ear and some from spite

The man who goes through life hunting for
a soft thing can generally find it right under
his hat

Little Freddie thinks an idiom is a person
with very low intelligence

About the only exercise some folks take is
jumping to conclusions

Tennis elbow has nothing whatever to do
with a hiking for mixed doubles

A mother named her daughter Margold
because she hoped she would

The man who tries to drown his sorrows gene-
rally makes his head swim

It's because some people will not let bygones
be bygones that we have rissoles

If a man wears pants the word is plural but
if he doesn't—well it's singular

Economic Notes.

Indian Economic Conference.

The Indian Economic Association met in their annual conference at Patna in the Christmas week. In the last issue of our journal we have given extracts from the address of Mr C N Vakil. Four subjects were studied: international trade, rural indebtedness, problem of Indian population and economic planning for India. The discussions were conducted on the high level we expect of the Professors of Economics of the various Indian universities. We heartily congratulate the economists of India assembled at Patna for the success which attended the function.

We would like to take this opportunity to offer a few constructive suggestions on the work of the Indian Economic Association and Conference. Eighteen years have passed since the start of the Association without any tangible result to our credit. The rebuilding of economic theory is now going on everywhere in the world. New conditions, new aspects of thought and new perspectives are everywhere clamouring for a reorientation of the economic science. India offers numerous points for a comparative study which can lead to startling inductive conclusions. It is not beyond the scope of our academicians to hope that they can build up a school of Indian economics—in the only scientific sense of the term—and we fervently hope that our economists will turn their attention ere long to this important subject. It is sad to note that the books on economics published by Indian writers are easily made up of statistics available with running comments based on a study of the Western economists. Dewan Bahadur R. Ramchandra Rao, the retired Secretary to the Madras Government, wrote a significant sentence in the *Hindu* (Madras) while reviewing Professor R. B. Gregg's *Economics of Akhaddar*. He said, 'Political economy is still waiting for its Einstein.' We do not suppose that Einsteins can be made to order, even as Newtons and Adam Smiths can be. But we do believe that honest and earnest efforts are being made by European and American economists to lay the foundations for a non-Adam-Smithian political economy. Men like Mr Hobson and Professor Pigou are working in fields much conducive to the birth of an Einstein of economics. But in India our most brilliant men satisfy themselves with assimilating what a Hobson

or a Pigou has said or written instead of attempting to reinterpret and if necessary even to revolt against the Western economists.

That India may build up her own economic thought or even schools of thought which will give the outside world the fruits of the experience gained by the country which shares with China the rare honour of having had a continuous history since the beginning of the 4th

Yet another thing. Our academic economists have a double task to perform—one is rearing up of thought which we have already pointed out and the other is the intimate contact which our economists must have with India's public men and electorate. The Indian nation will have a democratic form of government if not to-morrow at least day after to-morrow. There is a great need for the education of our public by well informed students of politics and economics so that India may not go to the ill informed and biased politicians for their political education, but have the benefit of its best informed men for their education. Professor Vakil stressed the need for forming an economic public opinion and he suggested certain agencies for it. But we think that even without those agencies which will greatly help us when they come into existence—the Indian economists might form themselves into convenient educative Boards to carry on an extensive work of education and organization of public opinion. Vernacular must be used as freely as English is used in the lectures and discussions. We hope that our leaders of economic thought will take kindly to these suggestions of ours made in a friendly and sympathetic spirit.

INCREASE IN EMPIRE TRADE

Reuter announces a cheerful New Year Message in the form of the latest statistics regarding the export of British manufactured goods to Empire countries which show a most encouraging increase over last year.

For the eleven months January-November 1934 these have totalled £142,793,000 as compared with £123,528,000 in the corresponding period of 1933.

The exports to foreign countries were £135,003,000 in the first eleven months of 1934 and £136,334,000 in the first eleven months of 1934.

The increase in the exports to British

countries in 1934 over 1933 amounts to £19 265 000. The increase in the exports to foreign countries amounts to £1 391 000.

In the first eleven months of 1933 export of British manufactured goods to foreign countries exceeded those to British countries by £11 475 000. In the first eleven months of 1934 however, exports of these goods to British countries exceeded those to foreign countries by £6 999 000.

Who will deny the British people the cheer they enjoy when they see this increase in the export of manufactured goods? There is a saying in Tamil while it is cheer for the cat it is trouble for the rat. We have pointed out on many occasions that Ottawa was a corner stone in the history of Imperial relations for while with the Agreement Britain entered on a period of prosperity India entered on a period of shall we say poverty. Those who say that British Imperialism is becoming more and more intolerable and that the Empire is built on a foundation of the bones and nerves of the exploited races we have always felt the utter injustice of the remark and have entered our protests against such a statement. But we are afraid that the position of friends of Britain in this country is becoming more and more unstable and we are afraid that soon they will have to be swept out of existence. What an awful day it will be for Britain as well as for India?

SWADESHI ELECTRIC CLOCK

The Swadeshi Electric Clock Manufacturing Company of Bombay have to their credit

the successful building and installation of a new electric clock on the Rajaba Tower of the Bombay University. It is the largest clock in India and is equipped with complicated attachments of chimes and carillons. The concern itself is unique in every way. It is the first of its kind in India. It is entirely Indian in every sense of the word. It is not a profit seeking concern as its development is due to the self-sacrifice of engineers and directors who have been serving only on Rs. 25 per mensem. The electric clock of this Company is ample proof that Indian talent will rise equal to any occasion.

THE INDO BRITISH TRADE AGREEMENT

The Indo British Trade Agreement has had the fate it richly deserves at the hands of a strongly nationalist Assembly. It is needless to dwell any more on the results that would be India's ruin as a result of the Agreement. Both the commercial community of India and the Indian economists have condemned the suicidal nature of the Agreement that is proposed to be carried out. The Ottawa Agreement the infamous Mody Clare Lees Pact and now the Runciman Mitra Agreement—all are designed to forge stronger fetters on India's economic freedom and progress. We have often dwelt on the evil results that are bound to follow such a policy. Further comment is needless. The speeches of the Nationalist members of the Legislative Assembly are the index of Indian feeling on this subject.

The principal items of export from Jamaica in 1933 included 4 386 tons of coffee 1 680 tons of cocoa 45 270 tons sugar nearly 12 000 000 grape fruit 92 501 boxes of oranges 10 600 000 bunches of bananas 37 500 000 cocoanuts and 18 tons of copra.

After referring to the soil climatic conditions etc. which are suitable and necessary for cane and beet it is stated that the cultivation of cane and beet had developed and improved a great deal as a result of serious study.

Happiness is a plant that grows quite freely by the side of the path of usefulness.

The average family of the professional and middle classes consists of just over two children.

Few of us ever get beyond the spanking age. When parents stop experience begins. To leave your umbrella in the porch of a church is sure test of Christian faith.

The ladder of success is full of splinters but they hurt most when you're sliding down.

Egotism and mumps are very much alike except that the swelling shows in different places.

The schoolboy says that Shakespeare never made much money and is only famous because of his plays.

A man usually gets what he deserves in this world but he sometimes thinks this is one of the world's drawbacks.

It is a case of genuine love if he keeps his eye on the girl and not on the taximeter.

Warning to young men on holiday—remember, many a peach has a heart of stone.

Educational Notes.

By B Venkatesa Sastry, B A , B T

Village Uplift

In his address to the members of the Rama Krishna Mission Students Home on the occasion of the anniversary of the Home Rao Bahadur R Subhash Naidu traced the history of the Indian Village and showed how its own special features were responsible both for its continuance and deterioration. He gave a vivid picture of the condition obtaining at present in the Indian villages and said "The ignorance of the modern world conditions is a striking phenomenon in the Indian village. Thus the extremely low standard of living, lack of a spirit of a communal care and communal health, ignorance of modern conditions and illiteracy in the modern sense of the term are some of the phenomena which strike any visitor to an Indian village. He suggested that steps should be taken to see that the present defects are cured as speedily as possible. He felt that whatever might be done such as the reviving of rural industries, village improvement and similar objects still one thing very important that remained to be done was to instil a feeling of communal care and communal welfare among the villagers both among the elder and younger generations (The word communal is to be understood in the sense of common to the whole village). The aid of the village school was to be sought for giving a new orientation and a new outlook on life to the younger generation. So far as the masses are concerned the aid of the cinema shows, theatres and broadcasting must be made use of for achieving the end. The State has done a good deal for the village improvement by providing schools, hospitals, good water supply and other amenities of life. But the State alone could not carry on all the work without the unstinted co-operation of the public at large. The change in the outlook on life to the villager is gradually taking place especially after the introduction of railways and irrigation schemes and therefore the time is propitious for taking steps to bring about a speedy improvement of the conditions of the village. He then put forward an interesting proposal for the consideration of the University authorities suggesting whether it was too much to expect the University students who have successfully completed their academic careers to spare a short period of six months for work in the villages before they are declared eligible for the degrees. Owing to lack of contact with the outside world the

standard of life in the villager has become very low. The University men doing the village uplift work will be a source of influence and example to these villagers. The suggestion is thus very interesting and full of possibilities.

The University students should be requested to assist the rural reconstruction centres which must be started all over the State. These students should help them in their propaganda work in favour of starting farms on modern lines and taking to education and sanitary methods of living. They should help them in their demonstrations of weaving and other crafts in holding exhibitions and in imparting instruction to the villagers regarding the work of village panchayats, cooperative societies and such other institutions. Every effort should be made to develop in the villager a desire for a higher standard of life and the sense of communal care and welfare for the common good of all.

A work of this kind done under the guidance of the professors of the University and in co-operation with the rural reconstruction centres is bound to produce in some of these university men a desire to devote themselves to this kind of work and in some others an attraction for village life thus diminishing the clustering in towns on the one hand and the aversion for the village life on the other which is so common among the educated young men of today.

TRAINING FOR RURAL WORK

Nowadays many thinkers have been suggesting rural work as the remedy for unemployment among the educated young men. The increasing number of graduates turned out in Indian Universities year after year is out of proportion to the employment available under the patronage of Government which can only be limited in any country. With the growth of industries, trade and commerce more men trained to suitable callings could be absorbed in the respective avocations. But in our country Agriculture is the chief occupation of the people. Industry and Commerce have not developed to the extent that could be wished for and technical education has not received as much attention as it deserves. The cumulative effect of all these causes has been to swell the figures of the educated unemployed. Under these circumstances while the

attention of those in power and those devoted to nation building work should be directed towards giving impetus to industrial expansion bettering the condition of agriculture, proper marketing facilities and educational adjustment the care of those young men emerging from universities should not be neglected. It would be desirable to give a proper orientation to the studies of young men, leaving schools and colleges so as to develop in them a bias in favour of service to humanity love of country and an attraction to rural life. No attempts should be spared to make the village attractive and to divert willing workers to take up rural work.

Speaking on the subject of rural uplift in the course of the valedictory address to the members of the University Union Banalore Mr N S Subba Rao Director of Public Instruction in Mysore said: Go forth into the village and meet the people there and offer to work for them. They will meet your demands. This will mean honest living and excellent service and that if educated young men wanted anything like national advancement it was necessary for them to concentrate their attention on the villagers.

This message of hope calls forth a certain amount of service and sacrifice on the part of the young men which they will no doubt realize is their country's demand. It may be expected that the young men leaving school and colleges will find the suggestion useful and attractive.

Mr K V Krishnaswamy Iyer in his address to the Kumbakonam College old boys suggested rural work for educated youths as a measure of unemployment relief. He said that the worst effect of unemployment on young persons was the demoralization it produced. Young persons thrown upon their own resources at a tender age would be hardly able to withstand the demoralizing influence of unsuccessful efforts to get employment. The results are fraught with danger. They must therefore be diverted to some useful work and that was work in the villages. He has a definite scheme for utilizing the services of young men. It is the duty of the State and the local authorities with the encouragement of the State to open training centres to benefit them for work. A short course giving them first lessons of various topics like co-operation, agriculture, minor industries, sanitation, library work and such other subjects including first aid which would enable a member of the reconstruction army to satisfy the needs of the village ought to be started. Government should also direct that it shall be the

duty of every local authority to employ a sufficient number of these trained young men in their areas of reconstruction work. The State must take up the question in hand as had been done in many other countries in the world.

IMPORTANCE OF SCOUT MOVEMENT

The importance of Scouting in teaching the young to function as good citizens of the land has been recognized on all hands. One of the important duties of the leader who is in charge of the training of the young is to divert the attention of these young folk to proper channels through this great institution. Rallies play an important role in the realization of some of its ideals.

H H the Yuvaraja of Mysore replying to the address presented to him by the President of the District Scout Council on the occasion of the District Scout Rally at Tumkur said: The Scout rally enables the boy to realize the membership of the great brotherhood. He engenders a better scout for all the practical experience gained here of the scouting ideal which he had learnt. Further rallies are of definite value bringing as they do to the public and the parents an increased understanding of their aims and objects and real sympathy with their work. Speaking about the ideal of Scouting His Highness said that the Boy Scout Movement relies on the will of the boys to play the game as eagerly as it can be played and that it lies in the skilful hands of the leaders of Scouting to convert the play spirit of the boy as a means to make a man of him and build him up in self-discipline, courage, loyalty and good fellowship.

TRAINING ABROAD FOR TEACHERS

Presiding over the Conference of the teachers at Malluruthy (Cochin) Mr C K Hanumantha Char spoke on the need for granting the teachers study leave to enable them to go abroad for professional studies. He also pointed out the need there was for the starting of refresher courses to train teachers of ten years standing.

The responsibility of teachers in the training of the young is very great and any amount of professional equipment on their part cannot be considered as adequate. There is great need for enabling teachers by giving them such facilities as are necessary, to go abroad to advanced countries for visiting institutions and for professional studies. There is also a great need for teachers to replenish their knowledge of education now and then hence the need for starting refresher courses for teachers.

Current Comment.

By "Crutator."

The Princes' declaration has overshadowed the Assembly vote. But the battle scene has not shifted from Delhi to Bombay. The Princes know how far they can go and when they should stop. The Commons debate shows the mind of the British Cabinet. It is significant that the majority vote in Parliament has been followed by a semi-official statement from Delhi that all is well with the Princes.

Full steam ahead with the measure seems the slogan with the Ministry. With a majority that can carry anything put it the result need not be so much as prophesied. Minor concessions to the Princes may follow the Bombay abjurations but anything more seems impossible. Sir Samuel Hoare's speech denies anything more.

* * *

Paramountcy is paramount, said the Butler Committee. That word Paramountcy is the rock on which the Princes have burst. It is like the blessed word Mesopotamia. It signifies nothing more than Imperial responsibility hanging on the unknown will of the Cabinet of the day which itself is an uncertain thing capable of no definite definition. It may mean anything or nothing. The history of South Africa shows this if you want an illustration. There are instances available in recent Indian history itself to illustrate the remark but it is utterly impossible to teach people who will not learn. There are stages in the history of a country when old world ideas die a natural death—it may be amidst the cries and bemoanings of those attached to them. The onlooker sees more of the game than the engaged in the fight. If you want Federation really in India one may insist on Treaty rights and the other may call to his aid the theory that Paramountcy is paramount, but it will not avail either. The fact is that old ideas of governance cannot be grafted on to the new ones. Each may be good in its own way and prove useful in its own day. But to mix them up and say you have a constitution which combines the best of the both—whatever that best may be—is to suggest something too incredible to believe. Diplomacy apart the position is an understandable one. If one party wants to give as little as possible the other party is anxious to get as much as it could. Between the two a Constitution is produced which has the mark of its origin. It is natural

that a Cabinet that is essentially conservative in character should magnify the Crown rights. The history of England however shows how such claims are met. That is both an indicator and a warning.

* * *

The Assembly vote has been described in many ways. Its significance is to our mind so bold it is first a timely notice to the British Cabinet that all is not well with its scheme of Reforms. It does not however mean that Federation or a Federation is laid off it is to be adopted in India. But that the present scheme of Federation is ill conceived. Next it means that Hindus and Muslims mean that the present scheme will prove unworkable if they will go hand in hand. Things have reached a pass at which they will refuse to be mismanaged. Stating conditions cannot continue any longer. No wonder that talk behind the screen is going on and even victory is claimed for the Peace makers. So be it. But the will to compromise needed—on both sides. An imposed award no more workable than an imposed constitution. The two parties must settle their differences and come to a working compromise that will mean immediate business. If not a god as Swinburne claimed for it compromise has virtues in the political as in the legal field. A lean compromise is as the saying goes better than a fat law-suit. The Award has proved too far a law-suit indeed and it is up to the two parties to cut their losses at least—for there are hardly any gains to count. However that may be it is up to them to remember Sydney Smith's great saying that all great alterations in human affairs are produced by compromise. If the leaders among the Hindus and Moslems can produce a *fact* what can stand in the way of the country's onward progress?

* * *

The present position in the Assembly, by no means an ideal one, shows what an united opposition can do. Management of the Assembly is impossible. Government have sustained defeat after defeat and the union of the Congress and Independents is showing what it can achieve. That way success lies. If union in the Council Chamber can do that much, what may it not do for the Nation outside of it too? A little thinking—active

thinking—would work wonders, if only the leaders will persist in right thinking. If the union is *fact accompli*, the Indo-English Trade Pact to which the Government are clinging despite the adverse vote, cannot go through. That, however, is only by way of example. Many things that are now possible cannot be possible if there is union of parties and what

is more union of hearts among the leaders. The people are with them, so long as the decision does not mean crying halt in the progress of the Nation. Government are, by their very methods, making a contribution to the union of hearts. That is the present position. It only requires the leaders to grasp the situation and improve on it.

Topics in the Journals.

International Trade.

Professor V. G. Kale of Poona read an able paper on the theory of international trade before the Indian Economic Conference held at Patna during the Christmas of 1934. As is to be expected of so good an academican as Professor Kale, there was a learned dissertation on the classical theory of international trade after which he went on to explain the changes in the economic tendencies of recent times. The doctrine of economic self-sufficiency that has recently begun to dominate the policies of the various countries is characterized as futile, when it is attempted to be made absolute.

Do these new tendencies mean that there is an end of world economy and that economists must roll up those pages of their books which contain an investigation and exposition of the theory of international trade? Nothing of the kind. What is happening is that world economy is being reconstructed on a new basis and that intercourse between countries will now be guided not by the motive of individual self-interest but by that of national self-interest as it is conceived by those in political authority. As the monopolist cannot escape the operation of the laws governing market prices, nations will not be able to override the laws regulating international trade. The costs of competitors in the world market will be determined in accordance with conditions created or allowed by national policies and the demand of people for commodities will also be influenced by schemes of national development and well-being. The nation is a kind of partnership and its members are expected to share in the weal and the woe of one another. Members of the national community bear burdens in the way of taxation and otherwise in order that the whole may be able to live a better life and that the efficiency and well-being of the mass of the people may be promoted. The increased cost entailed by the action of the national State in the manipulation of tariffs and prices, becomes a truly social and national cost and the compensation for this sacrifice is provided by corresponding benefits which may not be amenable to economic measurements. Trade agreements between nations are intended to fix demand prices in such a way as to permit each other to offer supplies at costs well within the margin that is effective for others. The economist has in all these arrangements, a wide field for fruitful study. He will find that a spirit of nationalism and of a new type of internationalism, different from what one has long been familiar with, is taking possession of the world. What sort of equilibrium the

adjustments now proceeding will bring, it is difficult to predict. We may, however, quote the views of Clark Foreman, the author of "The New Internationalism" as suggestive of what the future has in store.

After demonstrating how the capitalist and socialist internationalism has failed owing to a glaring discrepancy between their basic assumptions and the realities of life, he points out that government regulation of the economic life of a country is becoming increasingly necessary, and goes on to say—"It not only tends to grow cumulatively in each country and to bring about national planning, but also to force other countries to the same course. National planning in countries which trade with each other causes a new kind of trade—intergovernmental trade. These features form, therefore, the necessary economic basis for a new system of internationalism. We need not predict that the new system will completely supplant the old. Capital internationalism dominated the world without being completely practised. The new internationalism will obviously exist for some time side by side with the dying remains of the others. Before the new system is accepted universally still another new system may be taking its place. For the next few generations, however, an internationalism based on national planned economy and intergovernmental trade seems definitely scheduled."

"The economist has to take the world as it moves, watch its internal developments and make his theory conform to the realities of life."

Planning and Democracy.

Mr C. V. H. Rao has attempted to solve the problems that crop up in any discussion of a planned economy in a democratic country.

We know that in recent days two such men as Mr Elhu Root and Mr John W. Davis raised questions of a highly constitutional nature, which went to the very foundations of American democracy, while considering the nature of the Rooseveltian measures of recovery.

Is there any essentially and fundamentally irreconcilable difference between economic planning and a democratic organization? Can democracy as a political system provide the necessary incentive for a planned economy which is becoming increasingly a necessary factor and facilitate its execution? Does planning require a dictatorial or at least an oligarchic form of state organization to be successfully put into operation?

These questions are dealt with in the course of an essay contributed to the *Indian Nation* of Patna. In the opinion of this writer, "it is

essential that there should be a transformation in the structure of democracy. He, however, points out that there is nothing essentially irreconcilable between a democratic polity and a planned economy. While almost all those who preach and practise planned economy advocate economic self-sufficiency, Mr Rao is of opinion that nationalism and internationalism should be reconciled. The forces of economic imperialism have to be fostered side by side with the forces of economic nationalism by the recognition of the prime principle of the economic interdependence of nations. He discusses the comparative merits of capitalism and socialism and would have us avoid excess with Solon. His remedy is reformed capitalism.

A policy of plenty, as Mr Cole says in his book on *What Marx Feels Most*, 'involves in any industrially advanced society, the increasing supersession of small scale producers and traders including the peasants a great advance in the economic independence and collective strength of the proletariat and a planned economic order which will

steadily aggregate more power in the hands of the state." This is a development which is inevitable under present-day conditions and wisdom lies in facilitating its accomplishment rather than in endeavouring to repress the curbing of the title. A statist democracy should take a lesson from the experiences of communism and middle class dictatorships and pave the way for the reformed capitalism inherent in the equalitarian state or create a favourable atmosphere for a revolution which is the only weapon available for the proletariat but which in its results advantageous neither to the proletariat nor to the bourgeoisie. There is however one danger against which reformed democracy has to guard a rain which that it should not be capitalism in another form which case it cannot expect to achieve the objective which the reform was intended. There should be an undue watering down of the socialist remedy such for all its theoretical excellence will under a contingency, fall headlong as Mr Cole says to contradiction for which socialism provides the way of escape. In trying to find money for social forms without detaching the capitalist control of industry they will dilute the capitalist system without replacing it and will fail both to find means satisfying their own followers and create the conditions favourable to the assertion of revolutionary forces.

Recent Economic Publications.

A Critique of the Gold Standard.

By H. L. Puxley Messrs George Allen & Unwin Ltd., Museum Street, London Price 10/6d.

Nothing has been more characteristic of the chaotic state of the post war world especially during the last five years and more than the monetary muddle, both in action and in thought. Various have been the theories that have been offered as the cause of the unparalleled Depression that has overtaken the entire world in recent years. While all the causes have each contributed its own share the monetary cause is certainly not the least in importance or in effect. In fact, it seems that a monetary reconstruction is even more essential than controlled production or increased consumption. For reasons that are only too well known, the stock of world's gold went into the hands of a few countries. The release of gold from the vaults of these nations seem a desirable necessity. But who is to bell the cat? That is the question.

Two schools of currency thought have arisen since the War: the gold standard school and the managed currency school. Any text book on currency and banking treats of the arguments for and against both these views. It is pretty clear that a managed currency must be considered dangerous in view of the general ignorance of the people of even civilized countries and the inability of human nature to drop its weaknesses, in spite of the intellectual and material advancement that the world has made in modern times. To practice successfully the managed currency requires the same cultural equipment that is needed to practice the Sermon on the Mount. Europe at the present day is receding into political mediocrity, if not barbarism. How then dare we hope that in the field of economics there will be the enlightenment that is needed to operate a Managed Currency? It is true that the crisis of September 1931 and the succeeding months has practically dethroned gold

in most countries. But that dethronement happened on account of extraordinary circumstances. The valuation of gold in some countries for which they do not to blame but the passivity of the Europeans, and the sudden fall in the credit market in some countries led to that remarkable phenomenon which in turn brought about the demonetisation of gold. This is not certainly an evidence of a change in the attitude of people towards gold. The love of gold at least as a standard of unit is not yet gone. There is every reason to hope that the glitter of gold and the glare of silver have not gone out of the valuation of the ordinary and even educated man. It is not gold why not we have silver? ask some. It is not to be thought that silver has no champions standing and eminence. Senator Borah, Nicholas Murray Butler, Dr J. H. Hollander, Mr Walter Lippmann, the Pt Hon L. S. Amery, Mr John Buchanan, M. Caillaux, Mr F. W. Hirst, Sir Robert Torrey, Sir Bernard Mallet, Sir John Marriott, Sir John Bowdler Miles and is it not certainly not least Mr Hartley Withers—what a host of great and honoured names in favour of silver? Therefore it is evident that practical economics demands a solution of the world's currency problem on a metallic basis, not on a non-metallic one. At this time it is essential that advocates of gold as well as of silver should present their theory of a workable standard in the light of recent developments and changed conditions.

As an attempt to re-establish gold as perfectly workable in these times with of course, the changes that are needed, Mr Puxley's book deserves not only mere attention but also warm commendation. The book gives the reader an able presentation of the orthodox theory of the gold standard. It reviews the circumstances that led to its downfall and even overthrow, it argues very closely and reasonably the case for an international gold standard. Let it be said to the credit of the writer that he is conscious

a valuable and up-to-date bibliography and an useful index. Altogether an excellently conceived and well executed work on a subject of vast importance to modern city life especially in the matter of saving. It is a limit as the result of a valuable street accident. Mr. Wat on has done splendid service by the production of this book which is really a perfect monument to his vast knowledge of the subject. Its greatest merit in our opinion is the practical manner in which the intricate problems of street traffic control are dealt with by him.

Stories of Indian Saints

Being the English translation of Mahapatri Phalga vyaya Vol II by the late Dr. J. T. F. Abbott and Pandit Narhar R. Godbole. With a preface by the Editor of the Series J. F. Edwards. Principal, United Theological College of Western India. Poona. (Obituary notice from the Office of the Post-Saint. United Theological College of Western India. Shop at Road Poona. Price Rs. 3.)

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The Rev. Edwards records the lamented death of Mr. Godbole before the book was completely printed. Mr. Godbole was not only a collaborator of the late Dr. Abbott but also a great scholar and a most painstaking translator. Marathi Scholar has lost a sincere worker in its cause by his death. The Rev. Edwards tribute to his memory is well deserved. The translation of the work is as might be expected well done the text used being that of Dundas. Edition of 1930. Mr. Godbole has reproduced in English the two appendices appearing in that edition—notes on Pauranic names occurring in the *Bhagavata* and amplifications of Pauranic narratives given in the text. Three other appendices prepared by him included in the volume are bound to prove useful to English readers unacquainted with Indian literature and religion. The Rev. Edwards' Foreword is a suggestive one but too highly surcharged with Christian thought to prove appropriate. The older method of Dr. Abbott seems preferable. It is better in cases of this kind to leave the text—in its translation—to speak for itself. Dr. Abbott was a great Christian but also a keen intellectual. He saw the advantage of his method—the work speaking to the reader straight to his heart without the intervention of the Editor. However the Rev. Edwards' method may have its virtues and so we would not over-emphasize our opinion. The great value of the volume is that it makes available to a wide circle all India in its present form. For that great convenience we must thank Dr. Abbott's munificence and the Rev. Edwards' patient labour. Though dead Dr. Abbott still lives in the great idea of the series *The Post-Saints of Mahapatri*. All honour to his memory.

Sri Sankaracharya and His Kamakoti Peetha

By N. K. Venkatesam Pantulu M.A. L.T. Lecturer in English Government Arts College Rajahmundry. Published by the Author.

Mr. Venkatesam's sketch of the Kamakoti Peetha and of the life of the present Guru of which a second edition has been called for shows its popularity. The historical sketch suggests that 509 B.C. the traditional date for the birth of Sri Sankaracharya the original

reformer of that name, may be accepted. The establishment of the Kamakoti Peetha at Conjeevaram is set down to him. Conjeevaram is also as his central seat for the rest of his life. He was succeeded by Sri Surevaracharya in that Peetha. The author holds that this statement is not incompatible with the other one that this Acharya also succeeded to the Sringeri Peetha and was indeed the head of all Mathas founded by Sankara. He also dates the death of Sankara in 477 B.C. The present Guru is said to be the 64th on the Peetha from the original Sankaracharya Sarvagatman Srecharana the author of the celebrated work *Samlapasaravala* is said to have succeeded Surevara in this (Kamakoti) Peetha before 840 A.D. 39 Gurus had occupied it. The 41st occupant was Advaitananda Bhodendra, the author of *Bhama Gitam* *Aharana*, etc. Madhvacharya the dualistic teacher is made a contemporary of Sankarananda the disciple of the 51st Guru of this Peetha. His installation on the pontifical seat being set down to 1900 A.D. Madhava surnamed Vidvaranya is moreover made a contemporary of Madhvacharya the above named founder of the dualistic school. Madhava is said to have been sent to Sringeri to revive the Peetha there and he is said to have founded Vijayanagar and established Hanbar and Bunka as kings to resist the Muhammedans. The migration from Conjeevaram to Tanjore and from Tanjore to Kumbakonam is referred to and the latter is set down to the time of the 62nd Guru Chandrasekhara Sarasvathi (1729—1783 A.D.). The present Guru was installed in 1907 in his 11th year. A short account of his life is also included with a likeness of him. A valuable little volume though the materials it gives deserve to be sifted in a critical spirit.

The Clay Cart

By A. P. Benu. Messrs. Javam & Co. Nungumba kam Madras. Price As 10.

This is a well printed and well illustrated rendering—necessarily abridged—of the great classic the *Murukhalika*. The story is well told and suited for the classes intended to be served. Mr. Benu has caught the spirit of the original and in retelling the tale has not sacrificed the moral underlying it for the mere words. We would commend it to the Madras Text Book Committee.

Inscription at Anumakonda

Edited by K. A. Sa. n. Poolathota Chardhamala H. Anumakonda Vizams Dominions. Price Rs. 2.

Kakoti *Putradra* *Thousand Pillared Temple Inscription at Anumakonda* to give this Telugu book its full name is a welcome addition to the growing literature on the ancient life and history of what is to-day well called the Andhra Desa of India. It is a volume in the *Poothala Chandhanala* series edited by Vidwan K. Appanna Kesari and issued from Hanumakonda Warrangal Hyderabad State Vizams Dominions. The Editor correctly describes the object of this presenting a single though long yet highly valuable inscription of the Kakatiya King Putradra found in the thousand pillared temple at Anumakonda when he says that it is firstly to popularise the name of the poet who composed the inscription secondly to give a correct reading of the text and thirdly to throw proper light on the history of the famous Kakatiya dynasty. He may be said to have fully earned out these threefold objects. We are particularly glad to see that the correct text of

Rudradeva's lion est and most valuable inscription on has been at last made available in a convenient form. It is dated in Saka 1034 which fall in A D 1163 and except for a hit line in 49 San kr t sukā. It is in the Chalukya characters of the 12th century. Its author was Achin endravara son of Parmavyaya D'k h ta. Thus Parmavyaya D'k h ta and his son to have been the (cru of Prola II (1110-1153 A D) the father of Rudradeva (1153-1194). Achin endravara was a yati (or asceti). He was the di pple of Advaita yati. He was evidently well versed in San kr t though probably a Telugu speaking Brahmin. He records the grant by Rudradeva of the villa e of Maddechervulu for man tana nnt the worship in the temple. If Rudradeva II (1290-1364 A D) is celebrated in the *Prataparudra* of Vidvana has Achin endravara has made famous Rudradeva I in this fine poem which our Editor style it collectively 47 *stendravara* yamu which no r opinion quite fit it. He was evidently a great poet if his composition is any guide to his knowledge and poet talent. Hanumakonda was in his time evidently the capital of Rudradeva I and was filled with people. Learned Brahmins evidently flourished in his time. A Telugu translation of each loka is given by the Editor. He has also furnished brief notes on the historical persons and place mentioned in the inscription besides a genealogical table of the Kakatiya on the back cover sheet of the book and an appendix devoted to inscriptions found at Madreddikunta. Khajapeta Darva Gudur and Canavevar which throw light on the record at Hanumakonda. But what makes the volume more interesting and valuable is the scholarly approach made by the Editor in elucidating the inscription. The immense pains he has taken in editing it accurately will make it hereafter the best text book on the subject. He owes much to Dr. Fleet's study of it in the *Ind. Antiquary* VI. The Editor also deserves to be congratulated on the many illustrations with which he has embellished his printing. Among the plates appearing are the thousand pillared manupala temple at Oranaval, the Vaishnavite temple near Admakhi temple on the hill the gateway of Hanumakonda the Vaishnavite temple in the thousand pillared temple the Padmakhi temple the golden name worship ed at the Padmakhi temple the image in the northern hock of Hanumakonda the western gateway of the thousand pillared temple the gateway of the Vaishnavite temple the gateway of the Suryadeva temple and Pratapadeva's head in the foot at Oranaval. From the researches recorded in this volume it is to be inferred that Hanumakonda was a Jain centre at one time and that the Padmakhi temple was originally a Jain one. From Pratapadeva's record in the Sambhiti temple at Oranaval we can infer that he must have been a fine person of pleasurable expression. Altogether a scholarly work of great intrinsic merit deserving of attention in Telugu research circles.

The Secret Lore of India

By W M Teape M A F D Formerly 1 ear of
Ford n the Downe of Durham Messrs W Relfer
t Son Ltd Cambridge Price 1 fl

We owe an apology to Messrs. Heffer & Sons for the delay that has occurred in the reviewing of this book. But on the principle "better late than never" we have great pleasure in noticing it now in these pages. Mr. Temperley on the face of it a great

must and one bent on learning this before
 even a course in them. In this volume he has
 laid down the circumstances under which this
 became a book and how it has the result of
 a long study of the foundations of Eastern and
 Western Theology. In both the Foreword
 the Preface he tells us the manner in which he
 has made a parallel presentation of these
 foundations and a consideration of their relation to
 each other. The work accordingly deals with
 human religion and philosophy on the one side
 with Christianity on the other and seeks to make
 after the crown of the former. The study is a
 restful though not exactly a continuous one.
 It is a laudable attempt for the first time an approach
 to the study of a high subject with a spirit both humble
 and devoted. Mr. Teape is an excellent example of
 good student who is as anxious to make a con-
 tribution to his position as an intelligent one though it
 may not prove a successful one to many. This
 is a difficult task to overcome the difference
 between Brahmanism and Christianity in as much
 as and Christianity. Brahmanism deals with a
 universal domain in Brahman who is the God of the
 Time and Space while Christianity as a
 local religion is necessarily dependent on the
 person connected with the life of an individual and
 leaves any fundamental precedent relating to his
 great and exalted as was in denying his
 existence. And the fact that a Christian philosophy
 is possible with Brahmanism which is a philosophy
 in which you have more dogma than religion and more
 religion than philosophy. I therefore answer in
 this respect the origin of evil as well as the ori-
 gination of Brahmanism is a theory of the trans-
 migration of soul. The theory of Karma may be
 an answer for the origin of evil more philosophically
 than anything known in any other religion with
 Humanism connected. We have however
 devoted to make this review a religious or philo-
 sophical discussion of any kind. We only desire to
 say that the idea of Christianity is the Crown
 of Humanism is a somewhat crude one and that further
 study and further examination will
 show that Christianity is better described as an off-
 shoot of Brahmanism. Buddhism is a rebel child
 of this is not to discount a valuable contribution
 of Mr. Teape in the work before us. His
 selection of selected passages from the *Upanishads*
 in our opinion the best part of it. It is not only
 done but a comparison is done. We would add
 that his presentation for the second part of the work is
 rivalled from the time of the Pagan and the West-
 ern Professor of Divinity (and the West-
 ern) is a perfect specimen of the best of the West-
 ern of Hinduism in that it is a witness in different
 ways even though corrupt and excessive to the
 ease of revelation of an of revelation of atonement
 in fellowship as offering also in an exaggerated
 sense the controversies on faith and works on free
 will and fate which have animated Christianity.
 He has done well in developing the theme for the
 modern (rather than the ancient) Christian point of view
 as thus at last before us for consideration to study
 and for critical examination. That is an advantage
 to those who are keen on having an authoritative view on
 a matter of supreme interest both from the historical
 and the philosophical points of view. A work of
 great merit of surpassing industry and earnest
 endeavour and well worthy of attention at the hands
 of scholars in India.

Problems of Transport Co-ordination in India

By S. K. Guha. Oxford University Press. Post Box No. 31. Bombay. Price Re 1.

Blue books are not generally studied, not even by our politicians and legislators, much less the average educated man. But their contents cannot afford to be neglected. The Mitchell-Kirk Report on the Indian Road Rail problem is here offered to the general reader in easily understandable language. Such books are always to be encouraged as they have an educational value of their own.

Whatever transport co-ordination means in other countries, it means in India a proper adjustment of road and railway facilities to pull the cart. This problem of transport co-ordination has reached a serious state and demands expert and early attention. Sir Frank Novice recently opened the Transport Advisory Council Conference and it will undoubtedly help us to have a book like Mr. Guha's when we are tempted to mope and let the problem take its course of its own.

Mr. Guha is not only an intelligent student of transport but he has also the advantage of being an able student of economics. The experience he has gained and applied. He has appended the report on the adopted the Madras Road Rail Conference of April 1933, the proposals for the future administration of Indian railways as approved by the London Conference of August 1933 and the Lower to Railways to run Motor Services Act of 1933. He has also given a list of important books of reference. We wish the reviewer well in his book the use that it richly deserves.

Sir K. P. Puttanna Chetty The Man and His Work

By C. Rudrappa. Copies can be had of the Public Library, Bangalore. Price Two Annas.

This is a distinguished public servant of Mysore who has endeared himself to the public by his variety of manners, affability of disposition and generosity of advice and of funds. The fact that in spite of his very old age—he is now eight—he is called upon to guide the deliberations of every public movement in Bangalore is ample testimony to the respect he commands and the confidence he evokes. Mr. Rudrappa has done well to put this sketch of Sir K. P. Puttanna Chetty, which he delivered as an address at a meeting held in honor of his hero.

Sri Raghavendra Stotra

By R. S. Seshan Rao. No. 191, Carapur Rd. Carapur, Basavanagud Post, Bangalore.

This is a clearly printed edition of the well-known *Stotra* of Sri Raghavendra Yat of the Sumatradra Matha with a Kannada commentary printed in Sanskrit characters. The commentaries written in a simple and understandable style. Its appeal would in our opinion have been greater if it had been done in Kannada itself for the benefit of a larger number of devotees. Sri Raghavendra Yat of Mancha attracts perhaps the largest number of devotees to his feet. The Yat was not only a great scholar but also a wonderful miracle worker and the man anecdotes told about him and his deeds inspire respect and reverence for him in people of all classes, creeds and communities in southern and western India. The

Stotra itself is a fine one and is on the lips of thousands of devotees. This edition is likely to prove popular being both handy and cheap.

The New Reforms

A Detailed Analysis of the White Paper Proposal and of the Joint Parliamentary Committee Report. Published by the Dr. J. I. S. M. Company Ltd. 158-B Broadway, Madras. Price 2/6.

This Tamil pamphlet explains the reforms that are in the process of being granted to India in simple and lucid language capable of being understood by the layman. Such educational literature is doubly welcome as the education of the electorate must be an essential preliminary to the introduction of a democratic form of government. The booklet contains extracts of the views of many prominent public men of India. A strong nationalism and a sturdy patriotism are discernible in every line of this pamphlet which considerably enhances its worth.

India in 1932-33

Copies can be had of the Manager of Publications of the Government of India, Delhi. Price Re 1/4.

This will perhaps be the last of the reports of this kind of India's annual progress. The version of India's politics of the calendar year 1932—when it is here presented and not of the fiscal year 1932-33—of course the coloured and at places distorted one that we usually have from the pen of the Director of Public Information to the Government of India. It cannot in the very nature of things be otherwise for how can we expect the accused to be impartial in any case? It is unfortunate that the relations between the Government of India and the Indian nationalists should be of this unhealthy and illiberal type.

Except the chapter on politics and administration the others form a valuable store of information to the public worker and to the student of Indian affairs. Publications such as these have a value of their own which will be far to underrate or minimize.

Indian Economic Census

Vol. III. Rural Economic Census (with reference to Agricultural Production and Burden of Taxation) of Combaratore District. Madras Presidency. By M. Sankaralingam Gowda. Printed at the Electric Printing Works, Combaratore (S. India). Price Rs. 5.

This small book of 160 pages is the third volume of an ambitious series of books on Indian economic conditions which is to be published. The book is full of statistics which serve to illumine the dark corners of the economic condition of our masses. We welcome such books as a Census of Consumption, Production and Distribution as a desideratum in this country. Without such a census there can be no true appraisal of conditions nor can there be any basis for a well evolved policy of economic and social reform.

The book is priced at Rs. 5, an exorbitant amount for this poor country, a liability for the kind of information that it supplies.

Acknowledgment

I wish to thank 1934
Aethelwold Indian Report
Iandko Khej Batar

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The World in Agony: An Economic Diagnosis

By Sir J C Coyajee

In this brief but comprehensive and thought provoking book,* Dr Plummer has done well to emphasize the necessity of International Cooperation as well as of the increase of consuming power as the chief means of the restoration of economic prosperity. As Sir Arthur Salter observes in his foreword if we are to overcome the present Depression "we want not only national policy but world policy, not only national government but a world order."

Proceeding to diagnose the world depression Dr Plummer well observes that our recent history has been that of the marvels of large scale production. The real root cause of our present distress is the remarkable extent of mechanical advance made in little more than a century, while that whole process of change has been accelerated in recent years by the rationalization movement. We have as yet, however, not realized the vital economic importance of mass consumption to balance the progress of mass production. Until the world arrives at this true diagnosis of its disease the proper remedies cannot be applied.

Indeed in the absence of this true diagnosis wrong lines of treatment are being followed which make the disorder worse. To this type of ill judged remedies belongs the now fairly general adoption of Economic Nationalism. But "what is economic nationalism but the outworn survival of a less enlightened age?" asks the author. It is only Mercantilism masquerading in disguise. While, in view of the strong downward trend of prices it is of the highest importance to avoid as far as possible the overdevelopment of industries, Protectionism and high Tariffism tend to bring about exactly such over production. Then again we cannot expect very much from State subsidies or expenditure

in social insurance since these would lead very soon to unbalanced budgets and overstrained finance. Nor can inflation or even "reflation" be relied upon too much for if carried beyond a point these instruments reduce the purchasing capacity of people instead of increasing it.

In what directions then are we to look for the true remedies. In the first place says Dr Plummer we require a much larger measurement of International Cooperation and that in various ways. Thus we want a cancellation of war debts as well as a renewal of international lending on the pre-war scale. The creditor countries should be more willing to buy and to lend which being interpreted means that they should try to consume more themselves and at the same time act in such a way as to increase the buying power of debtor countries. Then again according to Dr Plummer a great deal is to be expected from reducing the hours of labour and from increasing the real wages of labour. He defends the demand of organized labour for the elimination of unemployment through the further shortening of the working day. But he expects most from an increase of purchasing and consuming power. Our problem is to balance the growth of our productive power by a proper system of wealth distribution. The system of income irrigation which can accomplish this has not yet been invented. We are in the happy situation in which we need not be anxious how to avert famines but how to avoid gluts. Consequently we should not return the old fashioned methods of wealth distribution. The problem of prevention of crisis and depressions can only be solved by adding to the purchasing power of the masses—the peculiarly of the producers of those primary commodities for which the demand is inelastic.

While there is much that is both useful

* *The World in Agony: An Economic Diagnosis* By Alfred Plummer, LL.D., M.Sc., B.Litt. (C. Griffin & Co., London 2s 6d net)

and commendable alike in the analysis and in the recommendations of Dr Plummer there is room for criticism as regard some aspects of his book. To take an example his proposition that the Victorian Emphasis upon the necessity of saving and the merits of savers must be replaced by a corresponding exaltation of the necessity of spending and the merits of savers appears to be an exaggeration of a sound position. Those who have read Mr Roberon's critique of the monetary theories of Messrs Foster and Catchings or the controversy in the *Economica* (of November 1933) between Mr Durbin and Mr Hobson on the subject of Under consumption are aware of the difficulties of a whole hearted condemnation of saving. It is true that an increase in the rate of saving sometimes causes economic trouble but there is much to be said in favour of a constant rate of saving. The stimulating influence of saving on prosperity has been overlooked very often by those who pin their faith to an increase of consuming power. While not denying the merits of a policy of maintaining consumers Purchasing Power when applied with due discrimination one can easily point to occasions when that policy has intensified the Depression. Thus the investigations made by the Harvard School of Business show that before the beginning of the Depression in the United States the demand of the consumers ended what if anything relatively too high and that between the years 1928 and 1931 the national consumption was very high and did not come down until the year 1932. It has also to be remembered that it is in some cases at least harmful to prevent the necessary and salutary process of liquidation by the flotation of new loan. The sharp purge is chewed only at the cost of experiencing the lingering disease.

The author's advocacy of higher wages and

of shorter hours of work is also open to similar criticism. Here again we have a policy which requires great discrimination in its application and a considerable measure of international co-operation to ensure its success. 'That all men and women may be able to enjoy and 'consume' the luxury of leisure is essentially part of my plea for mass consumption says Dr Plummer. But such shortening of hours of work have to come gradually and not without a due regard for international competition. One cannot dismiss summarily the great mass of economic opinion to the effect that it is the rigidity of wages and their undue increase to which the present Depression is due in great measure. Thus in the case of Great Britain the slump had for one of its causes the unemployment insurance in the form in which it existed during the period for such insurance increased the rigidity of wages and caused disequilibrium market.

The admiration with which Dr Plummer regards the Russian experiment might also have been tempered had he studied the conclusions reached on the matter by Prof Brutzkus and other competent scholars. Few can possess the first hand knowledge of the subject possessed by Prof Brutzkus. Dr Plummer believes that the Russians have got the problem of income distribution well in hand and therefore 'there seems to be no valid reason to anticipate the reappearance in Russia of serious unemployment. On the other hand Brutzkus has shown that in Russia the unemployment conditions in the towns provide no useful criterion in estimating the value of the economic policy. That is because whenever there is an industrial crisis the peasants are told to return to the country and this agrarian over population is the most delicate problem of the Russian economy.

The ruling authorities in different countries are becoming more and more aware of the potentialities of the Red Cross as an intermediary between the Government and the people in specific emergencies such as disaster or epidemics. The national Red Cross Societies are in close and constant touch with the masses and this fact combined with their preparedness for meeting all manner of sudden contingencies renders them peculiarly apt to serve as the auxiliary of the Government in a wide variety of circumstances. When at the beginning of the present year

small epidemics of scarlatina and diphtheria broke out in Belgium the Director General of Health in the Ministry of the Interior immediately asked the Red Cross to collaborate in the campaign against these diseases by instructing the public in appropriate measures for their prevention. The local Red Cross committees were thereupon notified classes were organised, and special talks were broadcast from the national transmitting stations. Propaganda in the schools was appropriately undertaken by the Junior Red Cross.

The Indian Sugar Industry : Retrospect and Prospect.

By Dr Lanka Sundaram, M A , Ph D

The sugar industry of India has more or less reached a stage of national self-sufficiency. Provided there is careful husbandry on the part of the controllers of industry and of the Government there is every indication that in the future that is in store for us we can have a comfortable exportable sugar surplus besides meeting national demands. The time has come for a national stock taking of the industry, since it was estimated that 1937 would go down to history as the crucial year in the annals of the sugar industry. A glance towards the beginnings of this national industry of importance as well as a considered forecast of its future are essential at the present day. In this article I propose to throw into proper relief the fortunes of the Indian sugar industry against the vast canvas of the world situation.

BEGINNINGS OF INDUSTRY

It is an erroneous belief that sugarcane and sugar have attained national importance during comparatively recent times. The India was importing huge quantities of white sugar till four or five years back. It is supposed to be the basis for this wrong judgment. As a matter of fact, sugarcane was indigenous to India from times immemorial. People cultivating sugar and extracting the much prized product therefrom for national use. India had the satisfaction of exporting large quantities of sugar to the outside world. During the Byzantine loot of Persian cities Indian sugar stocks of those cities were prized. Most Emperor Tai Tsang (A.D. 627-650) sent out a committee of experts to examine the sugarcane culture of India to bring back data which would enable China to start an industry of her own. Indian sugarcane cultivation gave an impetus to sugar culture in the West and by the XIII century sugar cane spread to the countries of the Mediterranean Belt, thanks to the enterprising character of the Arab traders.

The Napoleonic Wars mark a turning point in the fortunes of sugarcane. Ireland for stocks of sugar during the blockade which European Powers applied to him. Napoleon gave a fillip to scientific experts in their search for a substitute for cane sugar. The discovery of the beet root industry is largely traceable

to this historical incident and ever since Germany came to be known as the home country of beet root sugar. Within sheltered walls beet root became an industry of prime importance to most of the European countries as well as to the U.S.A.

And yet another landmark must be noticed here as being instrumental in producing a regime of chequered fortunes of sugarcane cultivation in India. In the year 1791 the massacre of White planters of Haiti and San Domingo two predominantly sugarcane producing countries of the Caribbean Zone gave a chance to the East India Company to trade in the export of Indian sugar to European countries. This temporary spurt to the Indian industry was but short-lived. The sugar interests of the West Indies had a permanent hold upon the Government of Great Britain and successfully enjoyed a huge preferential tariff as against the trading activities of the East India Company. This policy of discriminating protection as between Indian and West Indian sugar which the British Government pursued for a long time denied India her natural desire to expand the sugar industry for which she is eminently equipped by Nature.

The origins of the modern sugar industry in India go back to the year 1865 when Messrs. Binn & Co. of Madras established their factory at Aska in the Canjam district. But it was not until 1903 that modern sugar factories were started in Bihar. That wonderful movement the *Swadeshi* movement which emanated from the fervent national genius of Bengal had almost synchronized with this new start to the sugar industry of India. During the past thirty years the industry moved from strength to strength but not until it has avoided the shoals of depression and obstruction. It was not till after the close of the Great War that the Government of India thought it fit to carefully scrutinize the fortunes of the industry. As a matter of fact, the destruction of the beet root industry in belligerent countries at least its partial effacement gave a great impetus to sugarcane cultivation and manufacture of white sugar from this source. In this race for optimum production of cane sugar India also felt the urge for expansion. This urge was more than manifest and arrested the

attention of the Government of India with remarkable impetus.

GOVERNMENT SUGAR POLICY

Such being the case the Government of India appointed its first Committee called the Indian Sugar Committee in 1919 to inquire into the pressing problem facing the industry. This Committee produced a valuable first report which is of primary importance in any appraisal of this national industry. But judged from the results of the recommendations of this Committee the industry did not receive any substantial benefits. The only result of this inquiry is a further increase, though a progressive increase in the *ad valorem* revenue duty imposed by the Government upon imported foreign white sugar. Time was not yet when the so-called fiscal convention has operated towards the benefit of Indian sugar. There is an impression abroad that even at that date the Government of India have taken kindly towards the cane grower, the manufacturer and the distributor of indigenous sugar in India. Far from being a fact this revenue expansion policy of the Government resulted in a progressive increase in the taxable value of imported sugar to such an extent that by 1930 nearly nine crores of rupees were received into the Government's coffers by way of this duty. The Government recognized which the fatted calf was but in running after the fatted calf they looked askance at the lean and struggling indigenous industry. Small wonder that, despite the small increase in the number of sugar factories set up after the close of the Great War the Indian sugar industry remained in a state of distressing solace and faced a crushing onslaught any moment.

But one fortuitous circumstance came to the rescue of the Indian industry though in a small measure. And small mercies are all necessary for the development of a nascent industry. Owing to great overproduction of white sugar both cane and beet root all over the world the sugar markets were glutted after the recovery of 1920. The situation became so grave that by 1930 it was found to be uneconomical for the industry to carry on. Under such circumstances the International Sugar Conference was convened at Brussels in that year. The so-called Chadwick plan for restriction of sugarcane cultivation by means of national quotas was adumbrated. But the plan did not succeed to the extent to which it ought to have under different circumstances. The U.S.S.R. bent

as she was upon pushing the Five Year Plan towards a successful conclusion, stood out and more than doubled her national productivity of sugar and as a consequence of this the Chadwick plan fell through. It was in these circumstances that the Government of India took notice of the serious crisis in the Indian Sugar Industry and came to its rescue.

The Imperial Council of Agricultural Research under the able guidance of Sir T. Vijayaraghavachariar, K.B.E. has always stood for the furtherance of the agricultural economy of India on sound and national lines. It was this Council which brought to the notice of the Government of India the necessity of conserving the Indian sugar industry and as a direct result of its communications to the Government of India the Indian Tariff Board on Sugar Industry was appointed in 1930 to inquire into the position of the industry and to recommend measures for the satisfactory stabilization of the same. After a thorough inquiry into the position of the industry the Tariff Board recommended that the industry should have protection for a period of fifteen years and as a consequence of the recommendations of this Board such protection was granted and a duty of Rs. 9-1 which Re. 1-12 was the surcharge. There is not the slightest doubt that this measure of protection gave a sheltered market for the indigenous industry. The Government of India must be legitimately congratulated upon their self-denying ordinance in forsaking the major portion of the nine crores of rupees they received annually by way of the proceeds of the revenue duty on foreign sugar imported into the country.

The net result of this protectionist policy of the Government of India can be envisaged from the following facts. Everywhere there was feverish activity both as regards increased acreage cultivation of sugarcane and manufacture of sugar in India during the past four years. As a matter of fact there are some hundred and forty factories in India at the present moment the overwhelming majority of which were erected under the protective wall of the protection granted in 1931. Nearly a million workers are employed in these mills. Over twenty crores of rupees have been invested to finance the industry. Fifteen million cultivators are now engaged in the cultivation of sugarcane supplying some sixty lakhs of tons of sugarcane to the mills every year. As a consequence an annual average drain of some twelve crores

of rupees by way of payment to foreign imported sugar was prevented. Production of Indian sugar increased to the tune of a hundred and seventeen per cent while Java production figures registered a fall to fifty two per cent. This is all the result of the four years protection which Indian sugar enjoyed during a very short period of four years.

But the fates have decreed differently when once Indian sugar tried to assert its independence. The abortive Simla Sugar Conference of 1933 diminished the fortunes of the industry. Sir George Schuster lately Finance Minister of the Government of India took a different view of the situation and largely to placate British importing interests rushed through the Sugar (Excise Duty) Bill in 1934 imposing an excise duty of Rs 1-5 per hundredweight of Indian white sugar. He did not want to continue the stimulus to the Indian sugar industry, with the ostensible view of allowing the industry to settle down with proportion and planned economy. There is no doubt that the sugar excise duty alike the match excise duty, rudely disturbed the equilibrium of the industry. But the consumer's point of view also comes into the picture when we consider the present day position of the industry. This is an old old question. All aspects of the question being discussed it is bound to be admitted that subject to certain safeguards national industries must receive their need of protection from the Government of the country particularly when that Government happens to be non-indigenous. It is difficult to hazard an opinion about the future of the Indian sugar industry but this much must be conceded that Sir George Schuster's action cannot be deemed to be consonant with the true economic interests of India.

WORLD SUGAR POSITION AND INDIA

So far I have described the chequered fortunes of the Indian sugar industry in relation to the attitude of the Government of India. In order to fully appreciate the position of the Indian sugar industry vis-à-vis its world sugar production the following statistics are essential—

WORLD SUGAR PRODUCTION

Year	(In Metric Tons)		Total
	Beet Sugar	Cane Sugar	
1927-28	9 142 000	17 533 000	26 675 000
1930-31	11 376 523	17 150 493	28 527 016
1931-32	8 500 719	17 774 127	26 274 846
1932-33	7 810 031	16 445 525	24 255 556

While the world sugar position has shown a steady decrease the figures for India have registered a progressive increase during recent

years. In the following table figures for white manufactured sugar are given—

India	Metric Tons
1930-31	31 218 000
1931-32	3 970 000
1932-33	4 661 000

According to the 1930-31 figures relating to the world production of sugar the following order of importance of countries has been established—

Cane Sugar—	Metric Tons
India	3 970 000
Cuba	3 627 000
Java	3 173 000
Beet Sugar—	
Germany	2 460 000
U S A	1 200 000
Czechoslovakia	1 180 000
France	1 150 000
Holland	300 000

The most important thing to be noted about the latter half of the above collection of statistics is that beet root sugar production in Europe and the U S A has been achieved under the cover of a protective system mostly consisting of subsidies. As examples it may be pointed that Great Britain gives a subsidy of Rs 5-11-6 per maund of local produced beet root sugar while the U S A gives her indigenous industry a protection of Rs 6-6-0 per maund. In the case of the U S A she has also a considerable amount of home as well as colonial cane cultivation to look after. In the case of Holland has been deliberately selected to substantiate the same point. Notwithstanding the fact that indigenous beet root sugar production is not considerable Holland does not give a preference to Javanese sugar which ought to find a sheltered market by virtue of her being a colony of the said country.

The imports of foreign sugar into India are always moved in sympathy with the price levels of the commodity—

WHITE SUGAR

Year	Calcutta price of Java Sugar per maund Rs & P	Indian Duty	Tons imported
1909-10		5% ad valorem	562 000
1911-12	18 0 8	25% Do	582 000
1929-30	9 0 2	Rs 6 per cwt	1 000 000

The following statement of the imports of white sugar into India from Java is equally instructive—

	Tons
1909	1 074 000
1930	1 001 931
1931	421 819
1932	313 890
1933	197 665

The same question of price of sugar has exerted a tremendous influence upon consumption by the masses of India. Thus, the following statement annexes to itself considerable importance. —

Year	Price of Java Sugar	Consumption
	per maund	Tons
1929-30	9 0 0	1,164,805
1930-31	8 11 0	1,215,535
1932-33	10 10 0	928,095

It is a very serious question whether as a result of the protection given to the Indian sugar industry the consumer has benefited. There cannot be the least doubt that a highly protected indigenous industry imposes a severe hardship on the poor consumer of a country like India. In fact, his interests have been sacrificed for the benefit of the cane cultivator and the capitalist manufacturer. But four years are a very short period during which the industry can hope to attain equilibrium. The problem has been more a question of expansion than of an equitable stabilization of the sugar industry. It is a pity that the efforts made by the Simla Sugar Conference have not achieved any substantial results. Even as against the fact that protection has put up the prices of sugar locally the agriculturist of the country has been given a large amount of security about his only important cash crop. Further, fifteen million sugarcane growers in the land have derived substantial benefits from the protection policy of the Government of India. This is no small thing to be achieved during the comparatively insignificant period of four years. Provided energetic measures are undertaken by the Government towards price fixation of sugar as is done in most of the Western countries, the interests of the consumer will not be jeopardised by a highly protected industry. The Sugar excise duty of last year cannot but be deemed to be injurious to all the interests concerned, when

we judge it from a comprehensive national point of view.

FUTURE OF INDIAN SUGAR INDUSTRY

For any industry to survive world competition during a sustained period, innate soundness and planned economy are essential things. In appraising the future of the Indian sugar industry these criteria must not be forgotten. The following comparative statement indicates the disadvantageous position which the Indian sugar industry is enjoying compared to that of Java —

Country	Yield of cane per acre	Sugar Content	Tons of sugar per acre
Java	50 tons	12%	6 tons
India	13 tons	8½%	1 ton

No doubt, the Institute of Plant Breeding at Indore and the Imperial Cane Breeding Station at Coimbatore have achieved marvellous results within a comparatively short period of time. The CO No 213 which has been carefully cross-bred at Coimbatore has now become an universally accepted cane in all provinces of India. But for a successful sustenance of the sugar industry in India, better scientific research must be brought to bear upon cane growing in order to increase the sucrose content of the cane. Further, the *gur* and the *Khandasari* types of sugar extraction must be radically improved before a state of self-sufficiency can be achieved without any detriment to the consumer. For this a strong drive towards improving the education of the agriculturist and the small producer of sugar must be undertaken. Without the banishment of the ignorance of the agriculturist who forms the backbone of the sugarcane industry in India, no substantial results are likely to occur in the near future. Granted this, India would certainly be able to hold her own in the world sugar market, by first meeting her local and national demands and by exporting appreciable quantities of sugar to the foreign consuming markets.

At the opening session of the General Council of the International Air Federation, held at the offices of the French Aero Club on February 4th last under the chairmanship of Prince Bibesco, the French Air Minister, General Denain delivered an address from which the following is an extract. You have on your agenda the agreement between the League of Red Cross Societies, the International Air Federation and the Standing Committee of International Air Ambulance Congresses. That agreement should be

extremely fertile in results, so far as the organization of air ambulance services and propaganda in favour of such services are concerned. Now that an understanding has been reached in the international field, it remains to be hoped that similar arrangements may be made nationally, between the individual Red Cross Societies—whose homogeneity might serve as an example to other institutions and the national health and aeronautical organizations.

The Recent Changes in American Banking Structure.*

By Dr. B Ramachandra Rau, M A, Ph D.,

Department of Economics and Commerce, Calcutta University

While the World press has been astounded by the constantly flashed details of the varied programmes of President Roosevelt the important measures he has inaugurated in the field of banking have not attracted sufficiently strong attention in this country. The formation of the Federal reserve banking system, its war-time achievements and its sins of commission as well as omission, its unconscious part in the days of New Era prosperity of 1923-27, its futile efforts to check the speculative crash of 1927 to 1929, its praiseworthy endeavour to check the tide of economic depression have been known to the specializing students of international banking conditions. During all these years the new era banking practices were slowly undermining the banking framework till at last the crisis of 1932-33 and the melo-dramatic announcement of banking moratoria created somewhat mild sensation in distant and far off countries even. Little did they expect that in this El Dorado banking suspensions would indeed take place. This sensation was abated by the measures ushered in by President Roosevelt. Although the banking situation has been retrieved and many of the banks have resumed their silent duties still radical reform is needed to eradicate the causes which still exist in the commercial banking practices so as to make them suspected by the depositors and the general public. Dr Goldschmidt has done ample justice to this almost neglected aspect of American commercial banking history from 1920 up till 1933. Those who are familiar with the fundamentals of the American credit system knew clearly the genesis of the F R System and its evolution of Central Banking Policy during the momentous years of 1914-31. But American commercial banking history has been almost neglected by the foreign students of American banking.

Depicting the American credit system as an inverted pyramid consisting of five layers, namely, currency including Federal Reserve Notes, amounting to 7 billions, bank money consisting of 24 billions, the long-term

unloaded claims amounting to 90 billions, the loaded-debt circle at 90 billions, and the equity circle amounting to 36 billions the demand and supply for currency is analysed clearly in the first chapter. The Federal Reserve System is undoubtedly affected both the volume and the distribution of currency. The issuing of bank money by the commercial banks depended on the ratio of currency held by the banks as against their demand deposits. Gold movements, monetary circulation, open market operations of the F R System and its re-accounting operations affected the volume member bank balances.

The unloaded long term claims consist of fixed or long term deposits in 1300 savings banks, 20,000 commercial banks, 12,000 building and loan associations and 350 life insurance policyholders. This money was usually lent to several million mortgage loan borrowers both in urban as well as rural tracts—the average loan coming up to \$3,000 roughly. These lack any central co-ordinating agency except the newly created ones of the U S treasury—the Home Loan Banks and the Farm Credit Administration which take mortgage loans from lenders in need of liquid funds.

Coming to the long term bond layer which may be estimated at 90 billion it consists of the issues of Government bonds, quasi government bonds, bonds of industrial corporations, real estate bonds and foreign Government bonds. About 7,000 Investment banking houses which originate and sell retail as well as wholesale act as intermediaries between the sellers or issuers of these bonds and the buyers or the actual buyers distributed throughout the wide length and breadth of the country. It might interest us to know that Investment banks have branches and brokers to help them and roughly 700 places in the U S A have such investment banking offices while 16,000 places have a commercial bank conducting business there in.

While the organization of the equity circle is the same as that of the bond circle dealings in equities take place in organized Stock Exchanges. Every sixth American over 21 years is a shareholder but it is not private shareholders who own these equities. Holding companies possess common as well as

* The Changing Structure of American Banking by R W Goldschmidt, Ph D., pages 314, published by Routledge. Price 12s 6d.

preferred shares amounting to one fourth of all the equities—the total figure of which can be estimated at 100 millions. Twenty five per cent of the remainder of the equities are held by the rich. Those possessing an income of \$10,000 to 100,000 own half of the equities. The balance is owned by the rest of the population. Two millions of business exist in which equities can change hands.

During 1920-1930 banking deposits in commercial banks increased annually by about 5½%, a rate lower than that of the preceding period 1889 to 1914 which was roughly 6%. Banking deposits at any rate did not expand at a faster rate than in the previous expansion period, namely 1884 to 1892, 1896 to 1907, 1910 to 1920. If however demand deposits are taken into consideration alone there has been 35% increase alone but these are no true or rough indicators of real economic progress.

As industrial production expanded roughly by 6% during 1920 to 1929 the parallel increase of 5.6% in bank credit proved indeed enough. Changing methods of industrial production called for lesser bank credit. Actually this supply proved too much. In the pre-expansion periods the productivity was increasing at 6% while credit increased notably at 4.5% alone.

Gold movements of the few years could indeed have multiplied credit if orthodox banking procedure had existed. The F.R. Banks avoided the undue multiplication or contraction of credit as soon as their gold holdings expanded or decreased. They acted merely as passive recipients of gold.

Analysing the structure of deposits he arrives at the conclusion that the rapid increase of time deposits and the increase of the average deposits characterise the growth of banking deposits during this period. The demand deposits come in from a small number of large corporations.

Bank credit is lent in shape of loans to borrowers. While bank credit expanded by 50% during 1921 to 1929 short term loans did not expand to such a degree. Specially the loans to agriculture declined during this decade. Decline in loans can be accounted for as the result of the recession in business activity. The increase in bankers' acceptances and the purchase in the open market, the commercial paper of large concern and the growth of instalment credit account for the decline in small loans. Most of the American business consider bank credit as a sign of weakness—a horror debendi. Commercial bank

ing and industry are becoming further and further segregated—a condition wholly dissimilar to the one prevailing in the European Continent. The much talked of influence of Wall Street over American industry arises out of the influence wielded by the investment bankers.

Real estate loans, loans on securities and investments of commercial banks expanded freely during the decade and the increasing assets of commercial banks were utilized with the above operations. Real estate loans specially in the urban areas have become the bane of American commercial banks. Overburdened with tied up and illiquid mortgages the commercial banks had to be helped by the National Credit Corporation and the Reconstruction Finance Corporation which strove to defreeze the urban real estate loans. The Federal Home Loan banks were used for refinancing mortgages on residential properties held by institutional lenders. Sound commercial banking which requires liquid and easily realizable assets has been neglected by the American commercial banks which began to lend freely on the urban real estate.

Another culpable crime of the American commercial banks was the free granting of loans in securities. Broker's loans as well as security loans expanded freely. During the days of depression banks had to literally carry the securities. Thus American commercial banking became unduly sensitive to price movements on the Stock Exchange. They literally forsook the main duty of acting as purveyors of short term credit and began entering the field of investment banking.

That commercial banks do keep investments for acting as a second line of defence and as interest bearing assets. Government securities have a large and stable market and are readily saleable. Two fifths of the average room of investments of commercial banks is occupied by the U.S.A. Government securities. In the time of a crisis this becomes increased to 50% even. Bonds of States and Municipalities form the bulk of the remainder portion of investments. The proportion of railway bonds is decreasing if the one of foreign Government bonds is decreasing and the one of foreign Government bonds is increasing. A drop in the value of securities or bonds would affect the liquidity of the commercial bank.

Cut throat competition is perforce compelling the American commercial banks situated in cities to perform manifold duties—the most important of which are (1) accepting savings deposits, (2) acting as trustees or executors,

(3) underwriting and distributing investment securities (4) granting mortgage loans on urban real estate transacting foreign business of every description and short term commercial banking business. Developing bank acceptance in the field of foreign trade financing the American commercial banks are closely linking themselves to international financial machinery.

Branch banking and bank merger tendency have led to creation of bank group and bank chains. Branch banking within city limits is permitted in 19 States. It commenced in 1920. Some of the bigger American banks have 50 to 150 branches each within the limits of their own home town. The tendency to diversify the territory of the banks activities the circle of the banks customers and the type of business transacted; mainly responsible for the concentration tendency. 60 to 80% of the total banking resources are in the hands of 2 or 3 groups and the intensity of the concentration movement is far greater than in Great Britain Germany France or Canada.

The prohibition of branch banking in State led to the formation of group banking. The emotional importance of independent local banks the former antipathy to centralized system of finance and the banks desire to preserve high degree of independent management and direct contact with customers have led to the formation of banking group. The control of the head over the group is becoming more real than before. Daily report weekly balance sheets and regular audit are the rule now. The tendency is to approximate the group system to the one of bank system. If legislative barriers are removed the group banks could be rapidly transformed into branch banks.

The death roll of the commercial bank during this period has indeed been an appalling one. Small rural bank the most victimized as well as large city bank have failed during this decade. 14,000 out of 22,000 rural banks have failed during 1901-1933. The apparent profitability of banking led to undue boom in bank promotion until 1920. Failure were an inevitable reaction of this tendency. The agricultural depression of the twenties; also responsible for bank failures. Verily has it been stated that the automobile has killed the rural bank. The curtailment of the rural bank business led to its decay. Urban banks failed on account of excessive loan on real estate. Withdrawals by depositors led to the closing of rural banks which have tied their resources. The Reconstruction Finance Corporation led to the reorganization

many of the banks but the return of confidence is far from complete.

The above weaknesses and failures of American banking arising out of excessive credit creation and multiplication of 49 banking system legal barriers to development of branch bank system excessive investment of commercial banks in funds in real estate financing and the interconnection of commercial banks with the security market and the diminution of the legitimate work of American commercial banking.

Appropriate legislative reform consists in increasing the powers of the F.R. System over non member banks the securing of a unified banking system by putting an end to the present day decentralization of banking functions in State and local securities of real estate commitments the restriction of loans to securities the granting of loans to its relegation of the interest rate on deposits the guarantee of deposit and the severing of relation between commercial and investment banking and the clearing of the part played by the Government in retail money banking legislation.

The Banking Act passed in 1933 not only mere half way house. Rural banking reform to be secured in the near future. For there is an important drawback in the American banking field arising out of (1) the maladministration of the Federal Reserve System (2) the overvalued guarantee of bank deposits (3) with adequate supervision over bank (4) a concentration of banking with large cities out of proportion to the enforced decentralization of rural banking (5) on all evidence of commercial banking with investment banking without creating a substitute for the function of commercial bank in the origination of new securities made impossible by the banking act of 1933.

The above fundamental defects have to be rectified by a thoroughgoing reform which should not be an impetus of political sectionalism or more. If interest of banking community or presence of vested interests or pressure of inflationary radicalism.

The crusading zeal and fervour for real banking reform will never end till banking safety and efficiency are secured. The Tom Dick and Harry conception of banking business is to be forgotten by the people of the U.S.A. Banking is a lay profession in which I shall be undertaken by a limited number of specially qualified units possessing ample resources and a personnel of highly trained banking experts.

Industrial Labour in Japan.

By Krishna Kumar Sharma, M.A., B.Com

This volume on Japan* divided into six parts is the result of documentary researches undertaken by the International Labour Office and gives illumination information on labour conditions in that country. It is the first of a series of similar studies on Asiatic countries to be published under the expert guidance of the International Labour Office. It is the first systematic treatise on labour problems in the foremost industrial country of Asia whose main purpose is to present this information in the special setting of the social and economic history and structure of Modern Japan.

Part I serves as an introduction and the others dealing respectively with Industrial Relations, Labour Legislation and Administration, Conditions of Work, Unemployment and Migration, Workers' Welfare, Education and Co-operation, followed by a concluding note give a mass of information which if properly handled would make international comparisons easy and possible.

The family system in Japan is of great significance in connection with unemployment, wages, trade unionism and the development of labour legislation. This study is valuable inasmuch as it emphasizes clearly the significance both of the system and of the feudal conceptions still deep rooted in the Japanese mind of loyalty on the one hand and paternalism on the other.

Factors directly bearing upon the industrial situation of Japan e.g. geographical conditions, climate, the size and relative density of the population and the rate of its increase or decrease, the extent of arable land area, the abundance or scarcity of resources in minerals, raw materials, food, etc., have been taken into account because they influence the degree and forms of industrial development and also the standards of labour legislation.

Japan's firm will to develop has dominated the history of the last three quarters of a century. Up to the third quarter of the nineteenth century the country was a self-contained feudal state, but fifty years later, it had been transformed into a modern world power by her enterprising and energetic rulers. The extent of this transformation in the industrial sphere has been depicted in

this treatise by the statistics relating to the growth of the industrial population of capital, of production, of shipping of world trade, etc. In 1919 Japan was found to be one of the eight principal industrial states to be entitled to permanent representation on the Governing Body of the International Labour Office.

In spite of her growing industrialism the country is still traditional and even feudal influences are strong in her industrial life. The influence of the family system is seen in every direction in the concentration of the important part of the capital in the country in the hands of a few great families in the relations between employers and workers, in the methods of labour recruitment and in the extent to which welfare institutions have been developed.

Probably the existence of the family system renders industrial associations and state intervention unnecessary. People belonging to this view believe that labour questions should be solved by humane and paternalistic relations between employers and employees and that the influence of the family spirit could be trusted to secure satisfactory conditions of labour.

The last decade has seen the development of trade unions and industrial associations and there has been a steady development of labour legislation particularly for the protection of women and juvenile workers. Trade unionism is developing but as yet there is no Trade Union Act and thus trade unionism is not specifically legalised. But collective bargaining cannot be expected to develop along right lines, without the passage of a Trade Union Act.

The influence of the International Labour Organization on the passage of labour legislation has been great. The Conventions of the International Labour Office which Japan has ratified have exercised a formative influence on her labour legislation but in some cases the provisions of the Conventions which have not yet been formally ratified have also been embodied in the Japanese Law. It is in regard to the protection of women and juvenile workers that Japanese legislation has gone further in the direction of the standards laid down in the International Conventions. The minimum age for admission to employment at sea is fourteen years, it is also fourteen

years on land in the undertaking covered by the factory legislation but children who have passed through the full elementary school course can be employed at twelve. The provisions of the law dealing with the protection of women in child birth have been brought near the standard of the Washington Maternity Convention. It may be mentioned that Japan has taken action in a matter which has not yet been the subject of international legislation and has decreed the prohibition after September 1933 of the employment of women and young persons below 16 years of age underground in mines with certain exceptions.

The provision of factory legislation applies to undertakings which employ 10 or more workers or which are classified as dangerous undertakings. Small factories employing 5 to 10 workers are of great importance in the industrial economy of Japan. In the case of legislation is overdue because sanitary and other conditions of labour are generally below the standard laid down for other factories.

The most important problem relates to the hours of work and wages. At present the working hour of women and juvenile workers only are limited the provision relating to men being confined to work underground in mines. The statutory hour of work for miners, women and juveniles are longer than those proposed for Japan under the Washington Convention. The depression has been responsible for reduction in hours to the level of the Hours Convention or even below it and this experience might possibly assist the authorities to decide on the legal limitation of hours of work in accordance with international standards.

Wages have not yet been regulated by law except with regard to their payment but money wages are often supplemented by facilities of different kind and the various bonuses though of a welfare character do not form a uniform part of wages. Although statistical comparison is difficult yet considered in terms of money alone wages would appear to be low in Japan and in many industries probably the need for establishing minimum wage fixing machinery is great and pressing.

Another important group of problems relate to social insurance. Japan has a health insurance system in its extension to seven has been under consideration for some time. The system of compensation to workmen for accidents the principles of which are embodied in the Factory Act and regulation and the

repeal of provision of mining legislation have been recently extended both in respect of accident and the class of workers covered. The legal requirements are also supplemented by voluntary action by the employers and mutual aid.

Considerable number of workers, especially the young women who form the bulk of the workers in the textile industry are recruited as children from the rural population. This gives rise to two problems, the methods of recruitment and the dormitory system, both of which have been the subject for attention. The recruiters advance money to the parents of young women workers and sometime the advances can only be repaid after a long period of service. This problem is not peculiar to Japan alone and has attracted part in the case of Italy also with particular reference to the worker.

The dormitory system involves the limitations on personal liberty and the question of minimizing the advantages of the system with greater degree of freedom of movement will no doubt be necessary to be examined by the Japanese Government or municipal authorities in course of time.

The problem of unemployment is a serious one in Japan as in other industrial countries. The growing lack of contact with rural and the over crowding of agricultural districts together with the impact of large numbers of seasonal employment in that country in recent years. The Japanese Government has attempted to all-viate unemployment by the organization of free public employment exchanges and by promoting public work and expanding exports. Unemployment insurance does not however seem to have been thought of yet. The problem of technological unemployment is too complex to be solved easily and attention will have to be given to the possibilities of spreading the available employment over a larger number of workers. It is however very doubtful how far such measures would succeed in solving the problem and the question of obtaining facilities for the migration of surplus population is thus likely to be of importance for Japan.

The development of welfare institutions in Japan is one of the characteristic features of Japanese industrial organization. The influence of the traditional Japanese communal organization particularly in the textile industry. The system is particularly a humanitarian factor in Japanese industry and should exercise a useful and moderating influence upon industrial relations with the

increasing participation of workers in the organization of welfare work.

It may be noted that the general educational system has been developed to a remarkable extent and workers' educational institutions are being actively promoted. Co-operative credit is being actively encouraged by Government support. With the increasing interest of industrial workers in workers' education and co-operation, these forms of social activity are bound to play an important part in the industrial organization and in the life of the working people in Japan. Probably even now they account for the comparatively greater efficiency of Japanese labour.

In two important respects the International Labour Organization has acted powerfully on the side of progress. Firstly, it has been responsible for promoting forces of consolidation and growth in the trade union movement, and secondly, its Conventions have given an impetus for the evolution of labour legislation in Japan. In both these respects the Organization has exercised a normalizing influence on the industrial life of Japan. It is bound to be of help in raising

the standards of conditions of labour which is likely to contribute to the peaceful and orderly development of industrial efficiency of the workers in that country.

The usefulness of the Organization to Japan and to other Asiatic countries can be increased in the future. The treatment of labour conditions by study, discussion and by decisions at the annual International Labour Conferences would be of great significance to the progress and stability of industrial development of the Asiatic countries.

Industrial Labour in Japan is a carefully planned publication giving many statistical tables also relating to wages, disputes, trade union movement, education, co-operative movement among workers, etc. and other allied problems bearing upon industrial relations and labour conditions in Japan. Publications like this under the expert guidance of the International Labour Office are bound in course of time to raise standards of labour conditions by collecting adequate and useful information relating to labour in various industrial countries of the world.

A paper by Mr. Allen Monkhouse read before the Institution of Electrical Engineers contained a mass of information about electricity supply in the Soviet Union, the utilization of peat as fuel, the trend of practice in power station design, with details of a typical station with a capacity of 900,000 kw, standardization in generating, transforming and transmitting equipment, electrical manufacture, railway electrification and research.

In accordance with the general electrification plans of the State Commission for Electrification appointed in 1921 and generally known as GOEIRO, some 26 large power stations have been built since 1923 with over 9,000 miles of high tension overhead transmission lines. At present a special section of the Commissariat of Heavy Industries, known as Glavenergo, is responsible for about 65 per cent of the power generating plant and for practically the whole of the transmission and distributing systems, and the rapid growth of the use of electrical power is illustrated by the fact that the monthly winter output of the stations under its control has increased in the last 10 years from about 750,000,000 units to 11,000,000,000 units.

The building of new industrial cities and the rapid planned development of existing cities have provided an opportunity for the introduction of schemes involving the use of

pass out turbines, the steam from which is utilized for process work in factories and for raising the temperature of water for circulation over a wide area as a heating medium. Large areas of Moscow and Leningrad are heated with hot water circulated from the central power stations and in the outskirts of those cities large thermal electric stations are being built for heating the new residential districts. In Moscow the water leaves the water heating plant in the central station at a temperature varying from 80° to 120°C according to conditions and after making a circuit of some two miles returns at a temperature of 30°-35°. The quantities of heat distributed by hot water in Moscow and Leningrad still fall far behind those of New York, which in 1930 distributed about 3,500 mega-calories. The Moscow system distributes about a quarter of this amount and the hot water heating load on the Leningrad stations is about 350 mega-calories. A new thermal electric station in Moscow has two Loeffler type boilers, and a third is being added. These boilers can each deliver 130 metric tons of steam an hour at 1,090 lbs per sq in and 500°C, and the high pressure turbine made by the Metropolitan Vickers Electrical Company is designed to take steam at 1,828 lbs and 470°C and pass it out at 382 lbs.

Indian Rural Economics.

By A. V. Ramaswami, B.A.

We have no hesitation in endorsing the book under review* as the most thoroughgoing study of a vital subject to Indian life and development. Mr. Chowdhury Mukhtar Singh, an ex-member of the Legislative Assembly, a member of the Central Planning Enquiry Committee and now on the Legislative Council of the United Provinces, has brought an extensive and intensive knowledge to a study of the problem that confronts the Indian village. An agriculturist himself, he writes with a grasp and a feeling rarely found among writers on Indian rural economics. It is not possible that one may agree with all the views expressed in this book of 174 pages of closely printed matter, but no one will have the book without being impressed with the independence of thought and sincerity of purpose that breathe through the whole book. Pundit Madan Mohan Malaviya writes a long foreword to the book, he has been evidently fascinated by this remarkable presentation.

The first thing that Mr. Mukhtar Singh does is to challenge the erroneous belief that has been held to be the cause of Indian rural poverty. It is in the nature of a disincarnate contribution and service that we would regard them for causes have been adduced by interested persons in high authority and position which have helped to take the blame from those on whom they deserve to be levied. Six have been the reasons that are said to have occasioned the plight of the peasant in our villages: the lowness of the yield, the want of consolidation of holdings, the increase in population, scanty rainfall, extravagance of the peasant and the moneylender's extortion. Mr. Mukhtar Singh does not defend the primitive method of agriculture, he would willingly have India adopt the modern and scientific ways. But it bears no relation to the problem of poverty. We maintain that the increase in profit of the cultivator will be so small that it cannot be put as an argument that his misfortune is due to his lack of knowledge or his want of adopting the modern scientific method. More yield means more money, but the apparatus of more yield is so costly that the

it is not common with the expenditure in the instrument. We accept the fundamental truth of Mr. Mukhtar's proposition: we know only too well that the experimental farms mentioned in the D part of the Agricultural Enquiry Committee's report are a model to follow. If only it is possible that where 10 units of a certain grain are produced by the primitive method, 100 are

the scientific method, at a cost exceeding the sale proceeds of the 10 that grow more or practically ruined or ruined. And not of Indian villages will disagree with our statement. While not denying that the comparison of the area of the holdings will help the cultivator very much, it is to be thought that it can be a cause of poverty. The cultivation to fall being in comparison are more in a many than real. We would like to see from another view. The highest yield of work, the rate of energy and the rate of the rate that is generally the result of the fragmentation of holdings are more real than imaginary.

It may be granted that there has been a certain amount of overemployment of labour on the land, the difficulty must be overcome in the case of our peasants. The conclusion of the process of consolidation is a great factor. Mr. Mukhtar Singh points out that the increase of population in India is a fact but no solution has been found. The European countries have a high rate of increase with the exception of the United States and Russia. China, which is a rural country, particularly rural, is a rural country. We have seen in the case of the advanced industrial countries, the problem of population is assumed to be a proportion of it is a worst case that we in India have to face. It is one of the most serious. We think that the population can be given a far and prominent place as a cause of our poverty. It is a fact that we are not aware of our rate of increase. It is not our rate, but we would not lend our name to an advocacy of it, even if it were desired. Our people will not help the increase so far, but it is a fact that for an agricultural country the population is alarmingly dense. It is time that a check be put on growth, for even with industrialisation we will have more dependence on it if we allow a multiplying of population in the country. It is a fact that is becoming more and more apparent due to the dissemination that takes

* *Rural India: Poverty, Poverty, Its Causes and Cure*. By Chowdhury Mukhtar Singh. Published at the Leader Press, Allahabad. Price Rs. 1.5-0.

Economics of Sugar Industry.

The Java Sugar Competition

The competition of Java Sugar continues to be a menace. The Sugar Technologist had his entire attention concentrated on this problem. The demand of this industry for more protection is real and important to the future of the industry in this country. The expectation that along with the Budget something will be done to safeguard the Indian Sugar Industry has been proved to be baseless. The Budget is silent on this topic. But it is gratifying to note that the Railways and Steamship companies have announced a reduction in their rates of freight on sugar with a view to giving facilities for movement of sugar from producing centres to distant ports.

Simultaneously we hear of another interesting piece of news from Amsterdam. Intelligence from the Dutch capital indicates that Java is hesitant as regards the maintenance of the present Single Sugar Selling Agency, the *Atas* for any further length of time. The Government of Java seem to be apprehensive of the possibility of getting a large market for their sugar hereafter. They want to level down production from 30 lakhs of tons to 15 lakhs which appears to represent the quantity that she can expect to find a market in future. The referendum recently taken of the Sugar Mills is not unanimous in their opinion in regard to the continuance of *Ata*. The future of the Chadbourne agreement might be said to be an obstacle. It is feared that Java might find its present position reversed. Instead of having an export quota it would run the chance of getting a quota smaller than the quantity it may be possible to export if there were no restrictions. Great Britain is said to be in favour of a World Agreement but would have the Chadbourne agreement continue for a further period of five years i.e. till 1941 and would like the present countries in the plan to agree about their quotas.

There is still another feature in the whole situation. Though Java exports more and more to India, still they are made at the cost of a fall in prices, in spite of a most recent upward trend, they have fallen greatly, and that trend is on account of a fear of imposition of further duties by the Government of India. The 1935 crop in Java is definitely restricted and it is calculated to amount to more than 460,000 tons and if the exports and

consumption in 1934-35 hold at the figures expected for the current year, i.e., about 1,550,000 tons, the carry over of sugar on the 1st April 1936 will be reduced to about 520,000 tons. This would be a great achievement but it is difficult to gauge the situation in view of numerous uncertain factors.

INDIA AND WORLD PRODUCTION

The area under sugarcane in India this season is estimated at 3,471,000 acres, as against 3,308,000 acres last year, or an increase of 5 per cent. The total estimated yield of raw sugar (*gur*) now stands at 5,035,000 tons, showing an increase of 4 per cent over last year's yield of 4,872,000 tons. Prospects of a very good crop have been marred by a severe cold spell and frost that occurred during the latter part of January. Complete information regarding the damage done to the crop is not yet available, but from the reports so far received it appears that the estimate of yield given above is likely to be reduced considerably.

WORLD'S SUGAR PRODUCTION

The world's production of sugar, both cane and beet, during 1933-34, is estimated by Messrs Willett and Gray at 25,443,000 tons (16,716,000 tons of cane and 8,727,000 tons of beet sugar), showing an increase of 1,353,000 tons (261,000 tons in the case of cane sugar and 1,092,000 tons in the case of beet sugar) as compared with the preceding season. In Cuba the total production from the 1934 sugar crop is reported to be 2,278,000 tons as compared with the officially authorised production of 2,315,000 tons. In Java the latest estimate for the 1934 crop is placed at 642,000 metric tons (632,000 tons). Production up to October 1 last amounted to 566,000 metric tons (557,000 tons) and 21 mills were still at work on that date. In Japan and Formosa, the sugar production during 1934-35 is estimated at 1,131,000 tons (including 29,000 tons of beet sugar), as against 803,000 tons (including 23,000 tons of beet sugar) in 1933-34, or an increase of 41 per cent.

RESEARCH IN SUGAR PROBLEMS

With the exception of Mr R. C. Srivastava the Sugar Technologist to the Imperial Council of Agricultural Research, we know of no able or more painstaking student of sugar problems than Mr M. P. Gandhi, the

energetic and learned Secretary to the Indian Sugar Mills Association. In the recent book that he has published Mr. Canlis stresses the need for research if sugar industry must come into its own in India.

Whether we know it or not or believe it or not it is a fact that each acre of land in Java produced fifty tons of sugarcane with 12 per cent sugar while an acre in India produces only thirteen tons of cane with 9 per cent sugar. The Hawaiian islanders have an even more creditable record. In spite of the small having a limited area available for cane growing they produce on an average 7 to 8 tons of sugar per acre. It is necessary that we must pay more attention to better methods of manuring, more irrigation facilities, a more intelligent understanding of the rotation of crop on scientific principles, the adoption of more improved methods for the destruction of pests like the cane stem borers, pyralis, mealybugs and white flies and more concentrated research for the production of still better varieties of cane. For this it is not possible to do anything without State aid.

As Mr. Canlis puts it: The Government have spent about Rs. 10 lakhs on sugarcane research and propose to spend about Rs. 10 lakhs more upto 1937-38 through the Imperial Council of Agricultural Research. This is not enough and more money should be available for further schemes of research and development as well as to meet the tariff Board. In regard to funds, it is not that a liberal grant of about 2 per cent of the proceeds of the excise duty imposed on Indian sugar. The revenue expected from the excise is about Rs. 147 lakhs in 1931-32. Thus about Rs. 37 lakhs can be easily available for research work annually.

The pamphlet of Mr. Canlis also deals with the question of by-products. The utilization of molasses and bagasse or mill-gate is important. The three chief possibilities for molasses are according to Mr. Canlis: production of methylated spirit, extraction of potash, a rich fertilizer and preparation of alcohol for power in partial substitution of petrol. The minor outlets for the liquid molasses are the production of the yeast as a source of food, cattle food, road surfacing, cheap confectionery for the consumption of the poor in the rural areas, alcohol, B.A.E. (now only used as fuel) and as a very rich cellulose fibres. Mr. Canlis recommends its utilisation for manufacture of paper, cardboards and artificial silk.

The second and concluding volume of Lord Snowdon's Recollections is just out — An Autobiography by Philip Mountbatten (Ivor Nicholson and Waton, 21s). This is a book which will cause a good deal of amusement and even pleasure in many quarters and not a little irritation in others. It must be one of the frankest books on current politics ever penned. Even Iain Oxford himself might object at some of the personalities and incidents.

Lord Snowdon's first volume dealt with his early struggles and his gradual entry into the world of politics and eminence. This second volume deals with a number of his controversies, also in the field of politics and the picture he draws is not an edifying one. There may be ever some who think that the picture he draws of himself is not very favourable.

It is mainly the story of the Labour Party's two essays in government and all that followed and to a considerable extent it develops as a concentrated attack on Mr. MacDonald. For many years it has been an open secret that no love has been lost between the present Prime Minister and the ex-Chancellor of the Exchequer. There was of necessity an intimate

political association but there were strong temperamental differences. The Highland Scot is romantic and at times poetical, the Welshman is a dour and realistic. Amongst politicians of the first rank there is apt to be rivalry as well as incompatibility.

Lord Snowdon tells of the friction of more than one cabinet and the struggles for place which went on behind the scenes. This is a new type of political memoirs have been full of it. But in this autobiography the skeletons which are drawn out and lanced are gorgeously before the public eye. Until this time to become skeletons Mr. Henderson and Mr. Morrison is to the notion of Mr. MacDonald as still very obvious and a blood and Lord Snowdon shows that he can draw blood with the thoroughness of the expert vivisector.

His opinion seems to be that they are far from being glib, plausible or even tolerable men. But until recently they were close colleagues and one cannot refrain from the classic question: *Quæstio est in dante carlar?* Certainly volume two will stir tongues wagging and pens working. All who enjoy exhibitions of human weakness will enjoy this book immensely.

Economics in the West.

Banking and Business -

London, March 31st—Next year we celebrate our centenary * We are fortunate in this for the first fifty years of our life covered a period of serious and sometimes fatal instability among banks Many fell by the way not because bankers were less honest or less intelligent than other people, but because commercial banking, always a difficult art, becomes exceptionally difficult in a period of pronounced economic change and bankers had not been able to gain the necessary experience As time went on it became evident that small local banks were quite unable to meet the demands of fast expanding industry, and the paramount need of stability compelled the absorption of many of them into larger units, with the result that nearly all are now consolidated into a few great institutions

Increasing size has brought stability and more efficient service, but at the same time has rendered the banks conspicuous and an attractive subject for the political platform The would be reformers have put the banks upon their defence not on any proof of inefficiency, but in defence to a theoretic principle that they ought to be nationally owned and controlled The application of this principle to banking is alleged by its exponents to be an over riding social obligation, though probably the millions of customers of the banks will base their judgment on more practical considerations For business people the decision will turn not upon abstract questions of proprietorship and control, but upon the plain issue Is the consumer of banking service whether as the owner of deposited funds or as a trade borrower likely to be better, more economically and more fairly served by one vast bank, invested with all the powers of unrestrained monopoly, or by a few highly competitive institutions?

DANCERS OF MONOPOLY

We must not forget that a monopoly would still be a monopoly, even though under direct state management and control If it stood for a private combination of the existing banks it would be called a money trust—a name of ill omen for commercial freedom, but it would be none the less a money trust if the control were exercised by a nominee of the Government

* Part of a speech delivered by the Right Hon R McKenna at the Ordinary General Meeting of Shareholders of the Midland Bank, Limited, on January 24, 1935

There is no such trust to day The banks are in active competition with each other, and can maintain their own shares of the available business only by efficient service and sympathetic consideration of their customers' requirements Any bank which failed to satisfy its customers would lose them But what protection would the customer have if all banking were under one control? Then indeed the power of the single bank could be misused oppressively in a manner we are now hardly able to conceive

Moreover, a monopoly, which can be efficiently operated only on a basis of more or less complete standardization, could not be expected to show the responsiveness to individual needs which is essential to good banking What, then, is to be gained by it? So far as I have seen, nothing adequate or even feasible has been suggested I assume that no one wishes to make banking a state monopoly in order to earn larger profits and thus contribute to the relief of tax payers Any monopoly of an essential service can be used to extort large profits at the expense of the public but a profit making motive is not avowed by those who urge this particular project of nationalization I conclude that there is no assurance of any compensating benefit to set against the grave evils which must arise if all banking power were concentrated in one hand

BANKING PROFITS

The mention of banking profits leads me to answer the allegation, frequently heard that the banks make excessive profits, whereas in fact they neither make nor even seek them On this subject there is much misunderstanding which has in part an historical basis Before the rise of the joint stock banks, the private banker conducted his business with the object of increasing his personal wealth but in this sense no such person as a banker now exists The only people interested in the profits of the joint stock banks are the shareholders and the staff, and so far as I know the critics of competitive banking do not include a reduction of bank salaries among the objectives of banking consolidation

The most plausible ground for the charge of excessive profit making lies in the generally high rates of dividend paid by the banks, but a very little consideration of the facts will dispose of this argument Take, for example,

the M. H. B. Bank. I call it tribute 10 per cent on its paid up capital. It is justified in paying this rate because the figure of paid up capital by no means represents the share holder's true interest. The great bulk of the capital has been issued at a premium which has been credited to the reserve fund. Moreover throughout the history of the bank whenever profits sufficed some portion has been withheld from the shareholders and allocated to reserves. Thus the reserves both published and internal have been contributed by the shareholders either directly by way of premium on new shares or as an undistributed profit over a period of at least a century. The reserves which are clearly the property of the shareholders are added in the balance sheet of the bank; they earn profit and the shareholders receive their share of the profit divided paid on what is really a nominal capital. So far from 10 to 18 per cent I doubt if the dividend paid by the banks amounts as much as 5 per cent on the accumulated funds belonging to the shareholders—I do not indeed if they exceed the return upon the capital netted by the British public in the last Office.

THE BANKS AND INDUSTRY

It is sometimes alleged as a more practical criterion that the banks are not sufficiently large to take care money for the encouragement of trade and industry. This is a charge which a bank can let answer for itself but I think a very full reply is to be found in the evidence given by Mr Hyde Park for the Manchester and Lancashire Committee in 1900. It is enough here for me to remind you that advances constitute the most remunerative part of a bank business and that our managers naturally resort to a profit on the working of the branches. When a branch manager asks for a loan office action on an advance that may be given according to the amount of a Superintendent Assistant General Manager's Assistant Assistant General Manager or General Manager but it cannot be refused to be controlled by the executive committee consisting of the Managing Director and all the General Managers. Thus the whole of our practice is in favor of granting an advance and if the total of lending is low it is not because we are unwilling to lend but because traders have relatively little need to borrow. Speaking from our own experience it is not true that among the numerous groups into which our advances are usually classified one of the very few is now and then over the past year or so miscellaneous manufacturers.

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When complaints are filed that banks
are too conservative in their lending policies
in the renewable energy sector, the primary
challenge is the cost of technology.
Energy and the respect banks can all
be justified on the record. During the
year of ordering the sale of Chrysler
to an end nearly three years ago, the
banks suffered in common the commercial
industry generally. The Federal Reserve
did reserve both public and international
credit upon the end of the job to banks.
At no time have all the jobs to the
greatest person or institution of the
government a chance for the banks was
there sought nor needed and the effort
that that the total of rare in the world
is for nothing that the contract which banks
entirely free from government intervention
in control. Much money is still being
in the sector but the legal reasons
are not clear.

FUTURE C A F I B NMIN

I have replied to criticism on mobile
valued against the lack of information
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Moreover, the year to date has seen a rapid development in the relations between the trunk and the general banks. The early era of joint stock banking, the institutions were related to the banks of England, the great savings banks, and the active cooperation. A lot of the joint stock banks still little reputation and evidence of growth. Efficiency of all of the institutions of the United States is an indication of the then the title of the monetary policy. The rapidity of our money is also governed by the fortuitous supply of gold and the degree to which foreign is practiced. Central banks in other than the quantity of money, but in the remuneration.

with first regard to the needs of commerce and industry. In these circumstances the authority responsible for monetary policy needs the full collaboration of all sections of the monetary system for the proper execution of its functions. Co-operation between the central bank and the money market long ago reached an advanced stage but co-operation between the central bank and the commercial banks is still only intermittent and limited to the necessities of special occasions. Under such conditions monetary policy must fail to be either as well informed or efficient in action as it might be. It is possible therefore that we shall see regular communication between the central bank and the commercial banks in carrying out a policy designed to ensure the maximum contribution to industrial development from the monetary factor.

The stability of our banking institutions is a matter of incalculable public importance and I do not think anyone will deny that it has contributed substantially to the improved economic conditions in this country to-day. Without a revival of business enterprise of which confidence in financial institutions is an essential the progress of the past three years would have been impossible. Evidence of our improving trade is visible in many directions—statistics of production, turnover, trading results, national revenue and above all employment tell the same story. The numbers of insured workers employed have been at a higher average level in 1934 than in any previous year except 1929. In short the crisis has been definitely overcome.

BUSINESS RECOVERY AND BANK ADVANCES

Some people nevertheless seem to find it impossible to accept the evidence of trade statistics in the absence of an increase in bank advances. They cannot acknowledge a well attested fact unless all its features accord with what they regard as established precedent. In reality the absence of a rise in bank advances is easy to explain and in no way conflicts with the statement that more money is actually in use in trade. The facts are these. Comparing the figures for February 1934 with those of November last, bank deposits of all kinds show an increase of £250 millions and current account balances alone—a fair guide to the amount of money used in trade—of £200 millions, on the other hand advances fell by £150 millions. The principal explanation of this divergent movement is that business and public undertakings in the mass have been in a position to use their own resources to a much larger extent than before and have

had correspondingly less necessity to borrow from the banks. Many undertakings have been induced by the high level of security prices to dispose of investments and use the proceeds either to finance expanding business without recourse to the banks or to reduce outstanding loans. Again money raised by new issues of capital has been used to pay off many millions of bank advances. Thirdly the progressive integration of industry has tended to reduce the calls made upon the banks for accommodation. It has been no infrequent occurrence for a company with large credit balances to come under joint control with another which is in debt to the bank and then to finance the whole combination out of its own resources. And finally, some borrowers have thought it advantageous to take up credits or loans from sources outside the banking system. All these factors have operated to permit a large recovery of trade not only without additional advances but with an actual reduction. The fact that bank advances have declined does not detract from the evidence of business recovery nor from the truth of the assertion that without an expansive monetary policy adopted in pursuance of unequivocal Government declarations the recovery could never have taken place.

PERSPECTS OF CONTINUED RECOVERY

The changed relationship between deposits and advances presents a difficult problem for the banks but it indicates at the same time a position making for the continuance of trade revival. The ratio of bank advances to deposits now stands at less than 40 per cent against the 50.55 per cent ordinarily regarded as a safe proportion. Thus there is ample available short term credit to meet any demands to which further trade recovery might give rise. Moreover conditions in the capital market show that there is no shortage of funds in the hands of the public awaiting long term investment. On the monetary side therefore assuming as we safely may that the Government policy of the last three years remains in force we can find good reason for expecting continued expansion of the national business.

Here however we are faced with some gloomy prophecies. It is rightly pointed out that our recovery so far has been based predominantly on a broadening of the home market and for reasons which are never fully explained it is concluded that we have reached or closely approached the limit of possible expansion on this basis. For further recovery

sheets have risen most of them in both quantity and value on the other hand galvanized sheets and tinned plates which at £10 millions account for nearly one third of the total for iron and steel manufactures declined in both quantity and value. Taking all these products together Russia South Africa and Australia were chiefly responsible for the expansion. Exports of machinery rose from £27.1 to £32.8 millions the quantity measured by weight rising proportionately. South Africa and Australia again took greater quantities—previously by reason of gold mining developments but the tonnage exported to Russia declined still further. Since 1932 our exports of machinery to Russia have fallen from over £6 millions to only £1 million. The value of exports of vehicles continues to increase and last year reached the high figure of £24.2 millions. British countries took well over one half of this total indeed it was only to these countries that any appreciable expansion was recorded. The decline in cotton yarns piece goods and other products has been arrested the value last year being approximately the same as in 1933 at £5.5 millions which however compares with £99.3 millions in 1929. Woollen and worsted yarns and manufactures showed an increase of £3.2 millions to £28.8 millions but the quantities were on the whole reduced. The main improvements judged by values are recorded in shipments to British overseas countries and the net result is gratifying in view of the difficulties of trade with Germany.

Exports of raw materials expanded lightly in value last year mainly under the heading of textiles. The value of coal exported was slightly higher at £31.9 millions than in either of the two previous years. The quantity was 39.7 million tons the average export value at 16s. 1d. per ton being slightly less than in the two previous years. France which still takes nearly twice as much of our coal as any other country last year bought substantially less than in 1932 and 1933 while shipments to Italy also declined. On the other hand greater quantities were taken by the Scandinavian countries as a result of the trade agreements and a similar consequence may be expected from the recently concluded coal cattle agreement with the Irish Free State. In the food drink and tobacco group the increase is due entirely to sales of spirits to the United States which with the repeal of prohibition rose from virtually nothing in 1933 to nearly £3 millions last year.

On the whole then our overseas trade

account for last year gives ground for moderate satisfaction. Imports rose in response to the growing needs of our domestic industries and exports grew in nearly the same proportion as imports. The improvement thus far recorded however cannot be viewed with jubilation. The increase in exports was almost entirely in the products of the metal industries, but coal and cotton on which British export trade has depended so largely in the past remained at low levels. Nevertheless when to the difficulty of securing markets is added that of securing payment, the figures are by no means disheartening. During the past year, for example acute stringency, not yet wholly resolved was encountered in obtaining settlement of German and Roumanian commercial debts due in this country, and these two items alone make up an unsettled debt for exports aggregating several millions sterling. In trade as a whole the share of British overseas countries was higher last year than in 1933. The proportion of imports consigned from British countries increased only from 36.9 to 37.1 per cent but last year they took 46.9 per cent of our exports as compared with 41.4 per cent in 1933 three quarters of the increase in the value of our exports being directed to British countries. In re-exports the proportion was maintained at about 21 per cent.

Owing to the greater increase in imports than in exports the merchandise import surplus last year was £28.5 millions as compared with £25.8 millions in 1933. This increase however which makes the figure almost identical with that of 1932 need give no cause for anxiety for the surrounding conditions have changed materially for the better over the period. The movement occurred chiefly at the beginning of the year—by the end of June the increase in the import surplus was already £23.1 millions—and was the natural accompaniment of advancing recovery necessitating larger stocks of materials. Increased imports were necessary to provide raw materials for our newly expanding industries but when the re-stocking process had been completed imports and exports resumed their former relationships.

Overseas Trade of the United Kingdom 1929-34
(£ Millions)

	Imports	Exports	Re Exports	Excess of Imports
1929	1,440.8	779.3	109.7	351.8
1930	1,044.0	500.8	86.8	286.4
1931	861.3	390.6	67.9	406.8
1932	701.7	365.0	51.0	285.7
1933	675.0	367.9	49.1	258.0
1934	732.3	396.1	51.3	284.9

Even allowing for the enlarged surplus of merchandise imports, our balance of current payments is probably more or less undisturbed. We gave reasons, in an article seven months ago, for thinking that the Board of Trade's estimate of an export surplus amounting to only £1 millions on our balance of payments for 1933 was an under-statement. For 1934 the merchandise import surplus, if silver coin and bullion be included, has risen by about £31½ millions. Against this we may put a possible improvement of a few millions in shipping receipts, some small net recovery in our income from overseas investments, and the cessation of payments, amounting to £3 millions in 1933, on the war debt to the United States. Altogether, while it seems likely that the current account balance for 1934 showed a smaller credit balance than for the previous year, the probability is that we have not reverted to the 1931 position of drawing on our capital abroad.

The returns for 1934 show once again a large recorded import surplus of gold, its bullion

value being about £133 millions, as against 196 millions in the previous year. These figures, however, are entirely beyond interpretation in any attempt to estimate the balance of payments between this country and abroad. Most of the gold imported either comes in simply for marketing prior to re-shipment or holding in London for foreign owners, or else is sent here by foreign owners for safe custody. In neither event does the import necessitate any net payment by this country. So far as British holdings can be traced we know that the Bank of England's stock is practically unchanged on the year. It may be guessed moreover, that gold owned by the Exchange Equalisation Account—which probably does not appear in the trade returns, since more likely to be held abroad—has declined over the year. On balance therefore, it seems that gold transactions if the truth were known, may have provided a net credit item rather than a debit on our aggregate balance of international payments.

International Labour Office.

Sixty-ninth Session of the Governing Body

Geneva, February 1935.—The recent session of the Governing Body was marked by the attendance for the first time of representatives of two important industrial countries which recently became Members of the I.L.O.—the United States of America and the Union of Soviet Socialist Republics.

A number of important decisions were taken by the Governing Body at the session.

CHANGES IN THE GOVERNING BODY

According to the Constitution of the I.L.O. the Governing Body consists of 32 persons—16 Government representatives, 8 employers' representatives and 8 workers' representatives. Of the 16 Government seats 8 are reserved for "the Members of chief industrial importance". From 1922 the eight countries entitled to representation on the ground of industrial importance had been held to be, in alphabetical order, Belgium, Canada, France, Germany, Great Britain, India, Italy and Japan. Since both of the new Members—the U.S.A. and the U.S.S.R.—were obviously countries of great industrial importance the above list required to be reconsidered. After examining a report prepared by the Chairman and three Vice-Chairmen with the assistance of the International Labour Office and outside statistical experts,

the Governing Body decided by 24 votes to 8 (that of the Canadian Government representative) that the eight Members of chief industrial importance are now in alphabetical order, France, Germany, Great Britain, India, Italy, Japan, Union of Soviet Socialist Republics and the United States of America. The representatives of these countries will be entitled to occupy the eight permanent seats on the Governing Body as from the beginning of the next session. Belgium and Canada, which no longer appear on the list of the eight States of chief industrial importance, will become deputy members in virtue of a special decision taken by the Governing Body in order that they may continue uninterruptedly to be associated with its work till 1937, the next occasion on which elections will be held for the non-permanent seats.

REPRESENTATION OF U.S. WORKERS

Mr James Wilson, representing the American Federation of Labour, attended the session to follow the proceedings, on behalf of his organization and to confer with the workers' group regarding the participation of his Federation in future meetings. At the end of the session the workers' group announced that the President of the American Federation of Labour, Mr William Green, had been

appointed as one of the workers representatives on the Governing Body

REDUCTION OF HOURS OF WORK

It had previously been decided by the Governing Body that the 1935 Session of the International Labour Conference would be asked to consider a proposal to approve the general principle of a reduction of hours of work and then to apply the principle to individual industries in which reduction might be judged practicable in the light of further information which the Office was instructed to obtain

The Office submitted to the last session a report on the position in 15 different industries and suggested that the following four might be considered in 1935 with a view to reduction of hours: public works, building and contracting, iron and steel, glass bottle manufacture. The representative of the French Government proposed that the coal mining industry should be added to this list while workers' representatives made further proposal.

During the discussion which ensued some interesting information was given on developments in various countries.

The Italian Government representative said that the recent adoption of a 40-hour week in Italy had already enabled some 177,000 workers to be reabsorbed into employment. The difficulties of the reduction had been found in practice to be less than had been apprehended. This statement was confirmed by the Italian member of the employers' group.

The representative of the Czechoslovak Government said that the 40-hour week was already in force in his country in the case of public works and works subsidised by public authorities. A Bill on the 40-hour week had been prepared and the Government viewed with favour the adoption of collective agreements for the reduction of working hours.

The representative of the U.S. Government said that under an Act of Congress a 30-hour week was enforced in the United States on public works financed in whole or in part by federal funds.

Under the system of industrial codes of which over 500 had been adopted, 21 codes limited weekly hours to 40 or less. 52 including the above 21 provided an average 40-hour week for all labour. 93 per cent of the total number of codes provided for an average of 40 hours per week or less for the task and for certain exceptions being made in specific industries for various types of labour such as office staff, engineers, foremen

in boiler rooms, watchmen and other similar grades.

It was impossible to measure accurately the effect of shorter hours on employment in the United States. The increase which had taken place in employment had been due not only to the adoption of shorter hours but also to the Government's agricultural programme and its policy of public works. However it was possible to measure the immediate effects of the individual codes as they came into operation. For example during several weeks prior to the adoption of the code in the cotton textile industry every possible yard of cloth had been produced in anticipation of higher wage rates and output had been almost as high as at the peak of prosperity. Nevertheless the enforcement of the code limiting hours to 40 per week resulted in an increase in employment of 11 per cent within one month. Again in the iron and steel industry examination of employment figures for the months immediately preceding and immediately following the adoption of the code showed an increase in employment of 13 per cent. The U.S. Government looked with favour on the application of the 40-hour week to as many industries as possible. Moreover the Government did not regard the 40-hour week as an end in itself but rather as a step to further reductions wherever practicable.

The Governing Body decided that the industries to which the Conference of June 1935 will be asked to apply the principle of reduced hours will be: (1) public works, undertaken or subsidised by Governments; (2) building and contracting; (3) iron and steel; (4) glass bottle manufacture; and (5) coal mining.

AGENDA OF THE 1936 CONFERENCE

It was decided to place on the agenda of the 1936 Session of the International Labour Conference the question of safety provisions for workers in building construction with reference to scaffolding and hoisting machinery.

It is the practice of the Governing Body thus to fix the agenda far in advance in order to meet the requirements of extra-European countries.

In addition to the above question the 1936 Session will also have before it the subjects on which a first discussion will have taken place in 1935 and which will come up for final discussion in 1936. In deciding to put only one new question on the agenda for 1936 the Governing Body was actuated by a desire to avoid overloading the agenda.

While the International Labour Office was instructed to prepare for the information of the 1936 Conference reports on collective agreements and on the recruiting and placing of migrant workers these will not appear on the formal agenda of the Conference.

MAPITIME QUESTIONS

It had been intended that a Maritime Session of the Conference would be held in 1935 immediately after the ordinary session to discuss certain questions relating to the employment of seamen on which a first discussion had taken place in 1929 including the question of regulation of working hours on board ship. It has now been decided that the Maritime Conference will not be held immediately after the general Conference but that a meeting of the Joint Maritime Commission—an international committee representative of shipowners and seamen which advises on maritime affairs—shall be held in March (1935) to discuss the position including a request recently made by the organizations of sea men and officers to the effect that the debates at the Maritime Conference on hours of work should include discussion of manning scales. The report of the Joint Maritime Commission will be submitted in April to the Governor, Poole, which will then fix the date of the Maritime Conference.

CONTACTS WITH FIVE EUROPEAN COUNTRIES

The Director of the Office reported to the Governing Body on the visit which he recently paid to the United States and Mexico.

In the former country besides discussion with the Government various questions connected with U.S. membership of the I.L.O., he attended the Annual Convention of the American Federation of Labour on the invitation of its President. The Convention recorded its belief that in view of the importance of the I.L.O. in the promotion of higher world standards of employment and as an international clearing house of information the American Federation of Labour will benefit by closer contacts with the International Labour Organisation. It was therefore declared to be imperative for the Federation to be represented by a full delegation at the International Labour Conference. The Chairman's report and other questions which the Director had occasion to discuss with the U.S. authorities were settled with little difficulty thanks to the helpful spirit which prevailed at Washington. Representative and other organisations showed a similar desire to take the participation of the

years in the development and effective application of social insurance legislation.

Workmen's Compensation — In the four countries concerned workmen's compensation for accidents is provided for by legislation which has been fairly frequently revised with a view to extending its scope improving the system of benefits ensuring more effective supervision of insurance institutions or creating guarantee funds in order to ensure that the workers shall receive payment of the benefits to which they are entitled. Very considerable results have been achieved. Thus in Brazil, Chile and Uruguay the legislation governing workmen's compensation for accidents is now applied to all wage earners in industry, commerce and agriculture.

Sickness Insurance — In the Argentine Republic, Brazil and Uruguay this form of insurance remains voluntary; it is undertaken by mutual benefit societies which do not receive public subsidies and which come under the general legal system governing associations. But on all sides an effort is being made either to give the friendly society movement a special and more favourable legal status as in the Argentine Republic or to introduce compulsory sickness and maternity insurance as in Uruguay. In Chile sickness and maternity insurance is compulsory for all workers and the Central Fund of workers' insurance is at present extremely active in organising medical services in the country through the establishment of several hundreds of rural medical centres and the institution of regular medical circuits.

Pensions for Widows, Orphans and Invalids
Old age Pensions — In the four countries progress is particularly apparent in regard to invalidity, old age and widows and orphans insurance which appeal strongly to the masses of the workers. In Chile it applies to all wage earners in industry, commerce and agriculture; in Uruguay to wage earners in industry and commerce; in Brazil and in the Argentine Republic to large categories of workers in industry and commerce. Its development has been particularly rapid during the last few years in Brazil where compulsory insurance which only applied to railwaymen and workers in public utility undertakings has just been extended to cover seamen, municipal bank employees, commercial employees, coffee warehousemen, etc.

Mr Tixier considers that legislation on invalidity, old age and widows and orphans pensions has reached an advanced standard.

The contributions are large, and substantial pensions are paid under conditions which are frequently more liberal than in Europe in the case of both invalidity and old age pensions. The insurance funds are generally well organised and the administrative standard of many of them is comparable with that of the best European funds. The laws are effectively applied and in spite of the economic depression the contributions are fairly regularly paid. The principle of compulsory social insurance has been affirmed in several recent Constitutions, particularly in Brazil and Uruguay.

Mr Tixier was informed that, with a view to the subsequent development of social insurance in South America it would be particularly helpful if the Office would issue a publication explaining the actuarial and statistical methods employed in various countries for maintaining the solvency of schemes for the provision of invalidity, old age and widows and orphans pensions. As regards sickness insurance the possibility was being considered of making such insurance compulsory and information was desired as to what solutions had been adopted in other parts of the world in dealing with the difficult question of the position of the medical profession under sickness insurance.

Mr Tixier was able to state in reply that the Office had in fact already begun the compilation of two volumes of the character suggested. They are expected to be ready in 1936.

THE COAL INDUSTRY: POSSIBILITY OF INTERNATIONAL REGULATION

The Governing Body adopted a resolution submitted by the workers' group noting with satisfaction the promise of the Secretariat of the League of Nations to bring to the attention of its Economic Committee the request of the Miners' International Federation for the calling of another conference of representatives of Governments, mine owners and mine workers to discuss once more the possibilities of international regulation of the coal mining industry.

Some years ago before the economic depression had become general two similar tripartite meetings had been held under the auspices of the Economic Committee of the League and with the collaboration of the International Labour Office. At these meetings the miners' spokesmen had put forward proposals for the creation of an international organisation entrusted with certain powers of supervision and of control over the production and distribution of coal.

Diary of an Economist.

Mr Lloyd George's New Deal

Easily the most striking event in England in the last month is the great scheme of Mr David Lloyd George for the economic reconstruction of his country. There is no statesman now living in England who can boast of a better record of active life than the Welsh wizard. At two critical times in the history of his country, Mr Lloyd George has stepped in and saved his nation. During the War, his services were counted worthy of an O.M., an honour that has been bestowed on some of the rarest figures of which any country will be proud. But with all this, the great coalition Premier was dethroned and has been kept strictly in the background. Many are the stories that are told of the popular feeling against Mr Lloyd George. He has also the ill luck to lead a party, whose creed is now very much at a discount everywhere. It seemed as if Mr Lloyd George had had his day and it only remains to unveil a bust of him in Westminster.

But the dynamic energy of the Liberal statesman is not extinct yet. When almost all the English statesmen are in a dilemma, here comes Mr Lloyd George with a programme of recovery. In a certain sense we perfectly understand the confession in English political action to-day. At present the Conservatives are in power. It is clear that conservatism is not the philosophy that is needed at the present day. On the other hand, the next powerful party is the Socialist. But the English socialist is an intellectual Liberal. The innate conservatism of his race has not left him at all. No amount of mental sophistry and jugglery will tempt him to abandon those great principles for which the English nation has justly won unstinted praise. Unwilling to go the length of the Russian brother but unable to reconcile himself to the English Conservatism, he is verily between the devil and the deep sea. Who should come at this stage to the forefront by the 'remendous personality of a powerful Liberal? He has come out with his plans, they are before the nation for acceptance or rejection. If Mr Lloyd George will succeed in putting forth his scheme into action, it will be one more triumph to Liberalism and that too the most notable and proud triumph. The essential strength of Liberalism to stand an extraordinary crisis is being tested. In America it bids fair to succeed, and in England if it succeeds there will be no more room for doubt as to the

evacy of the Liberal philosophy. Hitler, Mussolini will be no more in demand than Lenin or Stalin. We look forward with at anxiety and enthusiasm to the future of this new proposal.

Luckily we have the message of the *Reuter* that the Prime Minister of the Tory National Government has requested Mr Lloyd George to furnish details of his scheme and he has promised to do it. This is a boding that future of the world is still with us, we think, with the Liberal Democrats. We are tempted to linger here to offer a few remarks on the difference in attitude between a national government and a non-national government to its problems. While Mr Lloyd George's 'New Deal' has commanded the attention of the British Government, the similar scheme offered in India for its reclamation is treated with scant courtesy. Since its publication Sir M. Visvesvaraya's great book has been talked of in the press as an able and a constructive work of no mean order. On the floor of the Indian Legislative Assembly distinguished politicians have referred the Government of India to this remarkable book. Will they do it? Why should they, when they can easily lord over this country with an irresponsible machinery of Government? It has been said that Julius Caesar the altruist is a creation of the nineteenth century. We would say that the Britisher the altruist is also a creation of the nineteenth century.

THE RAILWAY BUDGET

The Railway estimates presented by Sir Joseph Blore in the Legislative Assembly and Sir Guthrie Russell in the Council of State forecast a final deficit in 1934-35 of about 1 crore less than originally estimated. For 1935-36, the budget anticipated a deficit in commercial and strategic lines, taken together, of nearly 2 crores, but for the first time in recent years the commercial lines are able to show a balanced budget. The projected deficit in 1934-35 is 1½ crores against 2 crores last year. The improvement is most entirely due to increased goods earnings. Passenger receipts are falling but this is to some extent, accounted for by the reduction in fares as there was an increase in the number of passengers carried and the average miles travelled, which justifies hope of still further improvement. For 1935-36 the total traffic receipts are estimated at 93½ crores, while ordinary working expenses

are estimated to increase 105 lakhs including 92 lakhs due to the decision not to reimpose the salary cuts. The total working expenses will amount to under 64½ crores. Among the new works contemplated is the provision of 10 lakhs for a new line, 52 miles in length, in Southern India, connecting Vidura with Karaikkudi, which will be undertaken by the Madras Government. Summing up the position, Sir Joseph Bhore said, 'taking broad results in the 12 years ending with 1935-36, six years of prosperity and six years of adversity, the net result of the working of all State-owned lines commercial and strategic, will, if our present estimates prove correct, be a surplus of 14 crores, and an accumulated balance in the depreciation fund of 144 crores.'

All that can be said of this Railway Budget is that it is not a bad budget. While we do think that it is not of the type that could have been produced by a national and responsible government, still it does herald a new era in the financial condition of the railways in India. It is certainly not a depressing document, but it is equally certain that it is not even the best under the circumstances. We share in full the views expressed in the following paragraph by the *Railway Supplement to the Wednesday Review*:

To those who have examined the budget from the point of view of the far-seeing railwayman there are features in it which are hardly satisfactory. The raid into the Depreciation Fund is proceeding merrily apace, and although it has been stated that suitable provision has been made for the necessary renewals and repairs, we cannot shut our eyes to the fact that the provision made bears no relation to the necessities of the situation. The new formula governing depreciation—that is the provision of one sixtieth of the amount of capital at charge looks suspiciously like a politician's rather than a scientific accountant's formula. We are years behind hand in equipment and renewals and unless due provision is made for these difficult days are ahead for the railways when traffic begins to expand and demands are made on their resources. Another disappointing feature of the budget is the poor allotment made for fresh works programme. A sum of 15 crores has doubtless been set apart but only a small amount of this is for new works. They are calculated to stabilise existing facilities, but not to add to them much.

THE INDIAN BUDGET

Sir James Grigg presented his first budget to the Indian legislature on the 28th February

1935. Two things strike the reader of the Budget statement. One is the length of the statement. Usually budget statements are ponderously lengthy and abstruse. But Sir James is a thoroughly businesslike one. Secondly, Sir James is trying to justify his convictions. He has declared himself for a lower tariff, and though he has not introduced any great measure of reduction in taxation, still he has begun well. But unfortunately there is no attempt to relieve the poorer classes of the Indian tax payers of their abnormal burden. The reduction of income-tax surcharge by one third is not enough. The minimum should have been brought up to 2,000 as it originally was. The postal rates are enormously heavy, it is in the nature of a penalty for writing and sending communications to continue these tax charges. These are serious omissions in the Budget, and they do not entitle it to be called a Recovery budget. Though one may be tempted to give qualified approval as Mr. Jamal Mohammed has done, still it is clear that the Government of India have not changed their policy towards the Indian tax payer. One feature of the Budget is the allotment of Rs. 1 crore to the reclamation of Indian rural life. It is a speck in the ocean and will do little or nothing towards reconstructing rural India. Still we commend the action of the Government. We doubt if this primary duty of the Government would have been undertaken but for the impetus given to it by Mahatma. We deplore the rivalry that characterises this part of the Government's activity, it is, to say the least, base and mean. "We hope" with the *Leader* that the departure "in the Government's policy regarding its responsibility for the wellbeing of the cultivators" is not merely in the nature of a political move but is also the result of a humanitarian impulse. We would go further and hope that the Government, instead of regarding it as a piece of soft and mellow humanitarianism, will go back to it with a clear sense of duty long forgotten. Instead of being suspicious of Mahatma Gandhi, they should be ashamed that he has undertaken the task which is pre-eminently theirs.

The revenue in the year under budget is expected to be Rs. 90.19 crores and the expenditure to be Rs. 88.69 crores resulting in a surplus of Rs. 1.50 crores. The reduction of taxation is as under: reduction of silver duty by two annas an ounce, abolition of duty on skins and reduction of income-tax surcharge by a third.

Currency Revaluation

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The proliferation of the price of oil in the oil market is a result of the depletion of the oil reserves and the increase in the demand for oil. The price of oil is a key factor in the cost of production for many industries, and it is also a major component of the cost of living for many households. The price of oil is also a key factor in the global economy, and it is a major source of revenue for many countries. The price of oil is a complex issue, and it is a topic that is of great interest to many people. The price of oil is a key factor in the cost of production for many industries, and it is also a major component of the cost of living for many households. The price of oil is also a key factor in the global economy, and it is a major source of revenue for many countries. The price of oil is a complex issue, and it is a topic that is of great interest to many people.

that they were badly out of adjustment and that the end of the period was therefore a poor base for comparison. In point of fact however the downward movement was generally harmonious and of relatively small magnitude throughout the world in the years immediately prior to the depression.

As a basis then for considering what has taken place in the years which followed it might be well to note that if wholesale prices in Canada, Great Britain and the United States in 1929 were each taken as 100 the wholesale price index numbers of October 1934 become respectively 75, 70 and 80. By this same process the cost of living figures for October in these three countries are 79, 87 and 81. In Canada and the United States wholesale prices and cost of living have both fallen by 20 odd per cent., whereas in Great Britain the cost of living has fallen by only 13 per cent and wholesale prices by 30 per cent. On the whole however it seems quite clear that in these three countries there is relative harmony between the wholesale price level and cost of living.

Prices are in a state of far greater disequilibrium in the gold countries. As compared with 1929 the wholesale price indices of France, Belgium and Switzerland heavily influenced by prices of international commodities are 56, 55 and 63 but cost of living figures are 92, 81 and 80.

If this analysis is carried a little further it becomes clear that the situation in the gold countries is even more anomalous than these figures suggest. If the gold countries are to continue to deflate until their price levels stand in the same relation to the countries which are off gold as does the value of their money it follows that both wholesale prices and cost of living must come down to 59 per cent of 90 for parity with the United States or 59 per cent of 70 for parity with Great Britain. In wholesale prices this means a further reduction by one quarter and in retail prices it means that the cost of living must be cut in half before harmony is restored. This is only intended as an approximation of the situation. These price indices are not in themselves sufficiently accurate nor sufficiently comparable to warrant final statements on the subject.

Under any theory which suggests that restoration of harmony between various types of price level within a country is a prerequisite to recovery, it follows that the situation in the gold countries is much less healthy than in the other countries. While few

countries have shown substantial improvement this winter it is only in the gold countries that conditions have become steadily worse.

	Wholesale Price Index 1929=100	Cost of Living 1929=100
	October 1934	October 1934
United States	80	81
Canada	75	79
United Kingdom	70	87
France	56	92
Belgium	55	81
Switzerland	63	80

If prices in the gold countries are to be brought down to parity with those of the countries which have abandoned gold prices must come down to 59 per cent of those in the United States or Great Britain. This means that their price indices and cost of living must come down to about 48 per cent of 1929 for parity with the United States or to about 40 per cent of 1929 for parity with Great Britain. While this would imply only a further reduction of about one quarter in wholesale prices it would mean cutting cost of living by half. Parity can of course be hastened by a simultaneous rise in index numbers of the first three countries and a fall in those of the last three.

DISTRIBUTION OF MONETARY GOLD

It has been generally recognized that the United States of America and France hold about 60 per cent of the total monetary supply of gold and that the accumulation of gold in Switzerland, Holland and Belgium is disproportionate to the normal economic requirements of those countries. Yet, neither the total supply nor the distribution of the monetary gold is as abnormal as might be assumed from hasty generalizations on the subject.

If one considers the distribution of gold in 1913 as reasonably normal under the conditions which then prevailed it may be of some interest to follow the developments which have occurred in the intervening years. In the course of the war, large amounts of gold were used for payment on account for supplies for the warring nations and by the end of the period of post war inflation there were disproportionately large accumulations of gold in the United States, Latin America, Spain and Japan and a general increase in the amount held by relatively small countries. At the present time there are only a few countries in which gold holdings are substantially smaller than in 1913 and in each instance the explanation is almost self evident. These

countries are Austria, Germany, Russia, Turkey and Australia. In most of the other countries the increase in gold supply has been at least proportionate to the increase in total gold supply during the intervening years. The absolute increase in the gold holdings of France and the United States from 1913 to 1934 amounted to 3,490,000,000 old gold dollars. Switzerland, Belgium and Holland gained \$915,000,000. Austria, Germany, Russia, Australia and Turkey between them lost \$2,122,000,000. Together the gains amount to \$4,375,000,000 and the losses to \$2,122,000,000. This means that the countries which have increased their holdings of gold have absorbed the loss mentioned and cut into the supply of new mined gold by \$2,253,000,000. But there is more than a billion dollars of new mined gold which has been distributed between the other nations in such a manner that there are very few of them which do not hold a volume of gold more than sufficient to constitute an adequate reserve against any possible requirement if the world were in a frame of mind to cease hoarding and resume gold payments on some thing like a normal basis. Moreover, since a very large proportion of the world has devalued currency when this devaluation took full effect the present gold holdings will be very large as compared with the volume of currency or the total volume of credit which exists in the devalued countries.

The recent augmentation in gold production and an inflow of gold to important monetary centres from India, Latin America, Germany, etc., have increased the metallic base available in the important financial centres by about four billion dollars since 1929. With revaluation on the United States model there would be a further increase in supply amounting to 70 per cent. In the United States, special silver legislation and other monetary laws make possible an easy expansion of non-monetary gold proportional to expansion in monetary gold.

Under the natural workings of a free gold standard gold tends to flow from countries with relatively high price levels to countries where the price level is low. It is for this reason that all countries must give close attention to price level before contemplating a return to the gold standard.

In all statistical measures the international value of the United States dollar is relatively low in comparison with its present internal purchasing power and a general return to the gold standard at present exchange value

GOLD HOLDINGS

	In millions of old gold dollars			1934 holdings converted into new dollars
	1913	Dec 1929	Jan 1934	
Austria	29	24	27	45
Belgium	68	103	52	116
Bulgaria	14	10	11	19
Czechoslovakia		37	51	86
Denmark	21	46	35	60
Finland	10	9		
France	1,700	1,632	3,091	5,109
Germany	99	544	90	15
Greece	8	8	22	37
Hungary		29	14	23
Italy	306	273	373	633
Netherlands		180	35	60
Norway	13	39	38	64
Poland		70	54	91
Portugal	9	9	31	58
Rumania	32	55	60	100
Russia	1,041	147	416	704
Spain	97	42	43	72
Sweden	28	6	100	159
Switzerland	53	115	306	633
United Kingdom		70	99	157
Yugoslavia	11	18	35	7
Europe —	5,339	4,687	6,882	11,610
Canada	162	11	107	181
United States	1,924	3,900	4,033	6,859
North America —	2,086	4,011	4,140	7,010
Argentina	285	434	239	405
Bolivia	8	3		
Brazil	90	150		
Chile	3	8	12	20
Colombia		27	14	24
Ecuador		1		
Paraguay	2	3		
Peru	10	22	11	19
Uruguay	15	68	51	86
Venezuela	2	17		
South America —	490	788	377	645
Dutch East Indies	10	50	45	77
India	124	128	162	264
Japan	8	12	212	359
Turkey	142	15	12	20
Asia —	322	211	431	729
France	90	19	33	56
South Africa	50	36	84	143
Africa —		55	117	199
Australia	198	90	4	7
New Zealand	99	3	25	42
Oceania —	297	122	29	49
Other countries —	69	30		99
GRAND TOTAL (47 countries)	8,773			
AND TOTAL (52 countries)		10,414	11,981	21,280

would be the signal for a flow of gold to the United States. The first few paragraphs of this Monthly Letter are a recognition of the consequences of the relationship which must be achieved between gold holdings and price level if the gold standard is to be re-erected. It is evidently desirable that in a return to gold each country choose a value for its currency which will obviate the necessity for further deflation at this time. By adopting this criterion for their basis for returning to the gold standard the need for any immediate large international movements of gold would be obviated.

Column 1 gives the total monetary gold supply for 1913 as estimated by the Gold Delegation of the League of Nations. Columns 2 and 3 give the gold reserves of Central Banks as estimated in the Federal Reserve Bulletin. By 1934 the gold reserve of the Central Bank had become closely equivalent to total monetary gold stocks.

It should be noted that the gold holdings shown for 1929 and 1934 are only the holdings of the Central Reserve Banks and the Governments. If the total gold figure is desired it can be found in the Interim Report of the Gold Delegation of the League of Nations and for 1929 it shows additional gold in each of the following countries the respective amounts being inserted:

	(In million of dollars)
Switzerland	36
Germany	16
Netherlands	10
United Kingdom	8
United States	384
Argentina	11
Peru	3
South Africa	23
Australia	90
TOTAL	59

For 1934 there is no comparable figure available and in the table Canadian total gold holdings have been inserted.

There is at the present time in addition to the above some 216 million in gold held in Venezuela.

THE WORLD WHEAT SITUATION

The world wheat crop for 1934 exclusive of Russia and China is now estimated to be about 3350 million bushels or 300 million bushels smaller than in 1933. The total crop indicated is the smallest in a decade. The decrease is practically general throughout the world—in North America 30 million bushels and in Europe 960 million bushels. Crops in Northern Africa and Asia are slightly larger.

The Australian crop is officially estimated at 137 million bushels as compared with 174 million bushels last year. The Argentine crop is placed at 902 million bushels against 286 million bushels a year ago.

As a result of these short crops Broomhall has estimated importers' requirements for the crop year 1934-35 at 576 million bushels of which 280 million bushels were indicated as Canada's probable contribution. The estimated quota for 1934-35 under the London Wheat Agreement was approximately 260 million bushels. The total quantity of wheat available in Canada this year for export and carry over is less than 375 million bushels. It would seem that regardless of price Argentine supplies will come on the market before any real shortage develops and French supplies of low grade feed wheat have had a depressing influence. On the other hand the United States normally a large wheat exporter has no surplus but must import considerable quantities to meet domestic requirements. Supplies from the Danubian countries, Russia and the Southern Hemisphere are smaller than last year. Under these circumstances there should be a substantial reduction in Canadian stocks by the end of the season even if the total volume of world shipments should fall somewhat below Broomhall's estimate of importers' requirements.

World shipments of wheat to date, although larger than during the same period last year have been disappointingly small. Argentine supplies available at low prices have continued to press the markets and shipment from this source are double those of the same period last season. Shipments from Canada in the face of this competition have not increased over the low levels of 1933-34.

The Canadian crop was officially estimated at 270 million bushels as compared with 283 million bushels in 1933. The area sown was reduced from 26 million to 24 million acres and the crop was adversely affected by the drought which was general throughout the whole of North America. Unfavourable weather conditions at harvest materially reduced the quality of the grain only 75 per cent of the inspections to December 13 coming within contract grades as compared with 80 per cent in 1933. Ocean shipments have been small amounting to 57 million bushels against 73 million bushels a year ago. The total for November was the smallest recorded for this month since 1919. A new market particularly for Durum and feed wheats has opened in the United States as a result of the serious

shortage in domestic supplies in that country. Feed wheat imports are now charged duty at the rate of 10 per cent *ad valorem* instead of the usual levy of 12 cents a bushel. Some 15 million bushels have already been shipped and it is hoped that this new outlet will absorb some 20/50 million bushels. While this total may seem small in view of the aggregate shipments from Canada each year, the opening of a ready market in the United States for low grade wheat ordinarily unsuitable for cash sale in volume, is of particular advantage at this time.

Although more land than usual was prepared this autumn, many sections of the Canadian West are still deficient in moisture reserves and conditions are not favourable for next year's crop. As many authorities consider that heavy moisture supplies for a single season would be sufficient to restore fertility in widespread areas where moisture reserves have been depleted by successive dry years, there was keen disappointment over the lack of precipitation this autumn.

Damage from drought last season was even more severe in the United States than in Canada. The wheat crop is placed at 496 million bushels against 529 million bushels in 1933 and 746 million bushels in 1932. Other crops were reduced proportionately. The quantity of wheat harvested is substantially below the average amount required for domestic purposes each year and while stocks are still available from other years, wheat and other grains are being imported from Canada as well as from abroad. The outlook for 1935 is discouraging as moisture supplies are even more deficient in the United States than in Western Canada. Government measures for reduced acreages have been abandoned and efforts are being put forth to increase production to meet home requirements. In spite of the increased acreage sown to winter wheat, the outlook for this crop is poor and the total yield is expected to fall substantially below the average.

No official estimate is as yet available of the outturn of the Russian grain crops. The total area for harvest was smaller this year than in 1933 although the acreage sown to wheat this spring was increased to offset damage from drought in winter wheat areas. Present indications are said to point to a smaller wheat crop this year than last. Export shipments from Russia this season have been small—only three million bushels to December 14, as compared with 17 million bushels at the same date last year.

The Australian wheat crop is forecast at

137 million bushels—21 per cent below the 1933-34 crop of 171 million bushels. A part of this reduction is due to the smaller area sown this season but weather conditions were unsatisfactory and locusts caused considerable damage to the growing crops.

Conditions were much more satisfactory in Argentina. The area sown was reduced from 18,476,000 to 17,500,000 acres and the wheat made excellent progress. Excessive rains late in the season caused considerable damage to both the quantity and quality and seriously delayed harvesting operations so that the crop is from two to three weeks later than normal this year. The official estimate is 252 million bushels as compared with 256 million bushels last year. Supplies from last year's crop are still being marketed but stocks at the beginning of December were reduced to about 32 million bushels. This total will be further reduced before the new crop begins to come forward in volume.

At the International Wheat Conference recently held at Budapest for the definite apportionment of quotas for the current season, no definite arrangement were concluded. The Conference will be reconvened early in the spring. At the Budapest meeting French representatives requested the allotment of a quota as recent bumper harvests have resulted in the accumulation of surplus stocks. Some exports were made largely to Great Britain, and the existence of these supplies exerted considerable pressure on the market. Much of this wheat has been denatured so that it can be used only for feed purposes. The French authorities are also giving less emphasis on the production of wheat and urging the reduction of the area sown to this cereal. Italy has also announced the relaxation of the emphasis on wheat in her national agricultural programme. While the benefits of these changes in policy may not have much immediate effect during the current crop year, they mark the beginning of the breakdown of the barriers which have so seriously hampered international wheat markets and hold considerable promise for improved conditions in succeeding years.

What is believed to be a lead mine has been discovered at Vazhakulam near Kottayam. While some labourers were working in a stone quarry, they saw stones covered with a white substance. On examination it was found to be lead. The metal was subsequently found spread in a wide area. The matter has been brought to the attention of the Geological Expert of the Government.

Economic Notes.

Extension of Telephone in India

Plans involving an expenditure of about Rs 50 lakhs are expected to be submitted shortly to the Standing Finance Committee of the Legislative Assembly and if they are approved this year may see considerable extension of trunk telephone facilities in various parts of the country.

Certain important works which are already in progress will be completed in the coming year. Thus there will be direct trunk connection between Calcutta and Madras with exchanges which will serve as feeders at Ellore, Rajahmundry, Narasaraopet, Chitavada and Masulipatam.

Other works already in progress are three channel telephone systems between Bombay and Poona and between Bombay and Ahmedabad. The traffic between these centres is very heavy and necessitates additional circuits. The same solution is being applied in North India where it is proposed to install a three channel telephone carrier between New Delhi and Lahore via Ambala. Congestion on this line is due to the fact that it is the only outlet between the north and the south.

The erection of a single carrier telephone line between Poona and Madras is also in progress.

The programme for the next year embraces most of the provinces. It includes the erection of trunk circuits from Dacca to Chittagong, Dacca to Mymensingh and Jalpaiguri to Saidpur. Departmental exchanges will be opened at Mymensingh, Jalpaiguri, Hubli, Gadag and automatic exchanges at Tellicherry, Cannanore and Dharwar. Trunk circuits are proposed from Rangoon to Bassein and from Rangoon to Mandalay.

The need of the Kathiawar States for telephone trunk facilities is proposed to be met by erecting a trunk circuit from Viramgam to Rajkot.

Telephone communication is also proposed from Dhord to Ahmednagar, Anand to Nalhad, Coimbatore to Pollachi, Conjeevaram to Arko nam, Vellore to Katpadi, Virudhunagar to Madurai, Bezwada to Gulivada, Jullundur to Nakodar, Fialpur to Cojra, Lyallpur to Tandianwala, Gojra to Tohatol Singh, Ferozepur to Candabad, Wazirabad to Sialkot, Ladha to Wazir Miranshah to Dattakhal, Dosah to Razmak, Rohtak to Bhiwani, New Delhi to Gurgaon, Bhiwani to Hisar, Muzaffarnagar to Shamli, Chandauli to Moradabad, Hathras

to Kasganj, Lucknow to Barabanki, Muzaffarnagar to Khatauli and Etawah to Agra.

The programme also includes additional outlets to those existing at present in order to cope with increasing traffic. Thus there will be an additional line between Lucknow and Cawnpore and Delhi and Alwarh.

It is also proposed to erect trunk telephone lines between Bellary and Hubli via Cadag, Madura and Tuticorn via Tinnevely, Calicut and Mangalore via Tellicherry and Cannanore and Madras via Bangalore, Lucknow and Gorakpur via Canda and Berhampur, Roorkee and Dehra Dun via Lucknow and Sitapur. Departmental exchanges will be opened at Hardwar and Sitapur.

Telephone communication is proposed to be established connecting Bombay with Wadhwan, Ahmednagar, Nasik and Lonavla. Departmental exchanges will be opened at Satara and Belgaum.

The programme includes both major and minor works and while the above summary does not give the proposals in their entirety it indicates the main outline of the scheme of telephone development which the Department concerned has prepared after detailed study of the possibilities of traffic at each centre both for feeder services and for providing links between important centres of business and trade.

The total number of telephones installed in India exceeds 60,000 compared with over two million in the United Kingdom. While the Department is going ahead with its programme of development the real impetus will come when telephone will begin to be used as it is done in the West for social purposes as distinct from business and official use. When that day comes India would find helpful the network of the system already laid by the plans now mature for execution.

THE ROAD RAIL TRANSPORT

The Transport Advisory Council met on January 7 at New Delhi. Sir Frank Noyce addressed the conference. In the course of his speech he pleaded for a constructive scheme of action and met some criticisms from some quarters that the Government of India are moving slowly. He said: "However our progress though apparently slow has been steady. It began with the Jayakar Committee which as I have said before well and truly laid the foundations of further progress."

Notes on Rural Life.

By "A Son of the Soil".

Everything is being made to make the rural movement as much a success as it could be by Mahatma Gandhi. The *Haryana* is doing excellent propaganda work on behalf of the A.V.V.A. The mine of energy of an inexhaustibly energetic man is used to alter the very outlook of the modern Indian towards rural life, manners and customs. Rural life is held up to admiration as simple and as lofty as anything could be. Modern implements of ordinary use are asked to be discarded in favour of the old crude one. Mr Mahadev Desai records in admiring tones the fact of the Mahatma's abandonment of the fountain pen in favour of the reed pen. He quotes the prayer of Miss Barr, a noble lady working for our villagers in a part of the Central Provinces, in a letter to the Mahatma. May rural mindedness increase. The essence of a thing, says the Mahatma, Poswell, is a self-examined life and a determined effort to make necessary mental and physical self-adjustments. Real rural mindedness has to increase. While we wholly admire the appeal for a change of heart that is needed for a vigorous constructive effort on the part of the greatest social worker of India and his disciples, we are afraid that a certain amount of over-doing will turn the wheels of India's progress for it is part of our economic idealism that India should offer to the world a rare example of an admirable compromise between urbanism and ruralism, industrialism and agriculture. We only pray to the Mahatma that he should help India achieve her noble dream. For if his extraordinary personality was thrown all on the side of one, the other is bound to suffer. We trust to the clear-headedness and wisdom of the Sage of Sabarmati to guide us aright on the healthiest path of advancement.

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Mr S. V. Ramamurti, the Director of Agriculture Madras, in many respects an admirable public servant. A distinguished member of the Madras Branch of the Indian Civil Service, he has an extraordinary knowledge of theoretical science. In fact, he is a mathematician of note in this part of our country. To this he adds an administrative experience of a creditable type. All his utterances have been characterized by the wisdom born of long and arduous understanding. He delivered a remarkable address to the Annamalai University Union where he made a passionate plea

for a rural philosophy. Mr Ramamurti spoke of three types of democracy—political, scientific and economic, the authors of the three types are Rousseau, Einstein and Raiffeisen. Democracy made its appearance in politics first, then in economics and last in science. The democracy in modern days seems to have suffered a set back on account of its being mainly political. Fascism restricts political democracy. Bolshevism attempts at an economic dictatorship. There is, I believe, an alternative way to Fascism and Bolshevism by which democracy can be both economic and political. This involves an organization of life, which is both rural and religious. He struck a note of optimism, how in an India that is mainly rural and equally religious it is possible to evolve that ideal order of things. It has been said that democracy is a vast dissolution. But then it is equally true that religion is a vast synthesis. A religious democracy is indeed a mighty rhythm of analysis and synthesis. And a democracy that is not only religious but is also rural makes of man a rhythm between Earth and God. Within our design of a rural and religious life, let us *with the help of science* develop a democracy both political and economic. We shall then not only keep to the genius of our national life, but also *utilize the implement and methods which Europe has found* (italics ours). We stress the italicized portions of the quotation as they give us the clue to the working of a rural philosophy in our beloved land.

* * *

Two Secretaries to the Government of Madras, Rao Bahadur R. Subbavva Nayudu and Dewan Bahadur N. Gopalaswami Ayyangar, gave expression to different views as to the cause of the degeneracy of Indian villages. Mr Subbavva Nayudu would say that in fact it was the feeling of selfish individualism, ignoring completely the care of communal welfare that had been the tragedy of Indian village life. Mr Gopalaswami Ayyangar gave it out as his deliberate conclusion that the repulsions of our ruralism had developed because those who were responsible for dealing with Indian village life in later times laid rude hands on village polity. Finally we think that it seems to create unnecessary rift in the argument because both are equally contributory causes to the

deplorable state of our villages. It is clear that any 'Solo' effort will not do. Both the Government and the people have in their turns to change their hearts and to grapple with the problem in co-ordination rather than in rivalry. The Government of India have decided to set aside a sum of Rs. 100 lakhs for distribution to the provinces to be spent on schemes for the economic development and improvement. How we wish that the Government and the Mahatma could co-operate for this noble undertaking! As believers in the necessity for co-operation* between all factors working for progress, we pray that this needless rivalry might well be avoided.

'Debt is a part of the whole system of Indian rural life and until that whole system is revised and reformed, debt will remain to defeat all our efforts at improving the lot of the villagers', says the *Statesman*. It continues: 'There is no doubt that machinery must be framed to enable those who so desire to get rid of their debts, but it must be clearly

understood that this machinery will not be set at once. It will be unused, but ready to hand for the time when the rural reconstruction campaign has reached the stage when the agriculturist by more thrifty living, better health, better farming, more and better education, particularly of course, female education, has reached a higher standard of existence and begins to realise that a load of debt is a burden that prevents him from rising to the level to which his new outlook makes him want to reach. Then and then only shall we be able to help the villager to shake off the shackles of debt and then and then only will our legislation take effect. Meanwhile rural welfare or rural reconstruction must receive far more attention both from Government and from the leaders of the people than it now does. From being regarded at best as a harmless form of philanthropy or at worst as the mere stunt it must be advanced to the place of importance that it merits as being the only way out of our present troubles and difficulties in rural India.

Current Comment.

By "Scrutator".

The great event of the month has been the bomb that Hitler burst at the feet of Europe. An active armament programme has become the order of the day. It is difficult to resist the temptation of getting ready. The speech of Mussolini shows how a Fascist country views the situation. What is occurring in Roumania and Hungary indicate the powder magazine Europe is to day. Poland, Russia and Turkey are all watchful. Russian criticism has been open and frank. None will be so stupid as not to wish success to Sir John Simon in his peace pilgrimage round the countries of Europe. As we write, we hear of the American Army increase by 10 per cent. America cannot but be drawn into the vortex of the European struggle—for peace or war.

While such is the position in Europe and America General Smuts is declaiming against Japan and the rise of Asia, with which, he says, Europe has had many conflicts in the past. He suggests that Japan's withdrawal from the League, her denouncing of the Washington Naval Treaty and her attitude towards China and the occupation of Manchukuo show an aggressive foreign policy. The remedy hinted at, however, is nothing more than a call for Britain and America to come together

though not formally at least informally so that the very fact of such coming together could prove a reminder to Japan that peace will be maintained at any cost. The centre of gravity, says Smuts, has shifted from Europe to the Pacific where catastrophe may occur at any moment. Smuts has gone wrong for the moment. What has occurred since he wrote shows his remarks are wide of the mark. Europe is a boiling cauldron of piques and jealousies if not active hatred and worse animosities. The centre of gravity is in Western Europe still and it does not show any signs of shifting Far Eastward. Active Asia may not prove worse than Europe's somnolent. Visions of Asia to Europe conjured up by the alliant General seem hopelessly at variance with facts. An Asiatic Monroe doctrine in armed Asia, and a militant Japan—all seem day-dreams in the light of the happenings in Western Europe. Let us hope that Europe will settle down to peace first and fast and then there will be time enough to think of Asia for Asians and Japan as leader of all Asia in her new role of exploiter of its destinies.

In India the most noteworthy topic has been the attitude of the Princes towards Indian Federation. *Tropics* this it was given out

in the Die Hard Press in England that the Princes had broken off and that there was an end of the Indian Bill now in the House of Commons. Events have quickly followed one another in this connection. The Churchill attack the *Morning Post* criticism the publication of the second White Paper and its exposition by Sir Samuel Hoare have marched with breathless speed one against the other. Mr Churchill knows the game is up but he is too great a theatrical man to give up the part he is playing when the best part of it is being reached. He is a finished debater and a more accomplished advertiser of his own talents. He has explained away his own speeches even for the purposes of the role he has now assumed.

To think of such a man forfeiting his opportunity now when Parliamentary rumours are rife of coming dissolution would be too foolish for words. Sir Samuel has however scored heavily against him. Whatever the character or nature of the India Bill it is something that Churchill has found his match in Sir Samuel on the floor of the House.

* * *

India however is not pleased with the bill. For very different reasons it would like its beams mended on different lines altogether. It seems a thousand pities that Britain should be on the wrong track on an issue like this. What the people want is a measure with which they can make something—build a Nation and become useful to the World. Britain fears Britain distrusts and Britain errs. That seems sad—too sad—for words. Where is the help for it?

* * *

The Indian Budget is going through its weary way in the Assembly. The debates have been running a smooth course but behind

the many criticisms offered there is an under current of feeling that India is not having the Budget it wants or it deserves. It is bound to be worse under the Bill now in the Commons. It seems difficult to believe it—but that it is so will be evident when we say, that but a small fraction is only votable the rest being non votable. As to the present Budget itself the removal of the export duty on raw skins is as remarked above, not justifiable. The manufacturing industry is bound to suffer. Export of raw skins will kill the nascent industry. This is not the way to initiate trade and industrial recovery in the land. The Government's silver policy seems wrong. In stead of selling the white metal continuously, Government would do well to reserve it to avoid future purchase.

The Postal surplus shows that the time has come for reducing the poor man's communications. The Post Card of nine pices should go now. The import duties on sugar soap and salt should be increased. An import duty on printed books seems necessary to give Indian book and paper trades much needed encouragement. The value of printed books imported from England stands at about Rs 80 lakhs per annum for some years now.

Among the needs are radical reduction of military expenditure provision for reduction of floating debt no fresh borrowing during the year and the transfer to India of accumulated Indian funds in London. If the surplus had been more accurately forecasted and the restoration of the salary cut had been avoided a reduction of taxes would have been possible. The exchange policy of the Government continues as ever before despite the united protests of Indians and Europeans. The need of the hour is a national budgetary policy which one looks for but sadly misses.

Symptoms of returning prosperity are unmistakably revealed by the results of the last American Red Cross Roll Call just published. A net increase of more than 80,000 is recorded in the Society's membership as compared with the previous year. While the returns for 1933 showed an even greater increase the significance was not quite the same. Then it was more or less confined to certain areas which having been visited by disaster (and it will be recalled that 1933 was a particularly heavy year for disasters) had benefited by the relief operations of the Red Cross and were consequently glad to

take the opportunity afforded by the Roll Call for manifesting in a practical manner their gratitude for all the Society had done for them. In the present instance the improvement is not confined to any one area of the country but is nationwide. Membership in the American Red Cross to day stands at nearly four millions. This figure falls very little short of the record attained during the years of great prosperity immediately preceding the crisis.

Ninety per cent of the world's trades in furs is in the hands of Jews.

sense that instead of there being wasteful competition between nation and nation, there would be a co-ordination of the productive and distributive machineries of the world as for instance, by promoting a system of complementary production. The working of regional agreements and trade treaties and the co-operation of Central Banks securing an international co-ordination of credit currency and investments will have provided sufficient experience to define the nature of future co-operation and lay down its terms and conditions.

The future economic policy will take the form of discouraging the less and encouraging the more efficient forms of production in each country. Thus will competition be raised to a more rational and therefore less wasteful plane.

The Economics of Speed

The *Manchester Mail* reports an able speech by Sir Josiah Stamp before the Warrington Chamber of Commerce, London. We doubt if there is any other figure in the British Empire who combines in himself the encyclopaedic knowledge of the theory and practice of economics and rich experience in the actual management of financial concerns than Sir Josiah. His address dealt with the cost of speed and its experimental determination. Interested as he was in the economics of speed, he refused to be excited by any additional acceleration until he knew the relative cost of obtaining it and what sacrifices there might be of other amenities of comfort or safety. After talking on speed in the air and on the sea he spoke at length on the railways.

When they came to the railways they could consider the general average speed for all round convenience, or special speed for special trains. The latter might be of great spectacular interest and also some individual convenience but on lines that were already densely occupied they might be run at the cost of the convenience of the remainder. In the past two or three years the L.M.S. Railway had specialized in raising the general average express speed over the line and he had listed 30 trains with an average speed of over 58 miles an hour, eight of them running 60 miles an hour, or more regularly.

These eight represented a total daily run of practically a thousand miles and in so far as they had corresponding predecessors in 1911, there was an average increase in the speed of 10.2 per cent. The leader, running at 64.4 miles an hour, was 17 per cent better than formerly. Their general policy during the last two years had been one of continued acceleration of passenger services and also to a very marked extent of freight services where performances in past years had been completely outdistanced. When comparisons were being made with certain passenger trains before the War, people often lost sight of the considerable extra train weight that was now customary with all the amenities of corridors and dining cars and the additional cost of lighting and heating made all such comparisons rather artificial.

Any mathematical addition that might have been predicted for the cost of this acceleration had been, to a great extent offset by more economical coal consumption a mile and various operating economies.

The question of still higher speeds was having his constant attention, and sometime ago his officers started a series of special tests designed to answer questions as to the relation between speed weight and cost. These tests consisted in the main in running trains over long stretches of line at different increased speeds with varying weights of train, with the object of determining the increased cost resulting from the increments of increased speeds.

On September 19 and 20, 1933, a series of special high speed journeys were made between Euston and Coventry and vice versa. The fastest of these journeys attempted was made on September 19 by the Royal Scot engine No. 6129 Comet, which, with a train of seven coaches (202 tons) ran the 93½ miles from Coventry to a signal stop at Euston No. 4 Signal Box in 74 minutes 20 seconds at an average speed of 75 miles an hour. The maximum speed attained was 92 miles an hour and a speed of 90 miles an hour was attained or exceeded at three other points on the journey. The 70½ miles from Welton to Willesden Junction were covered in under 50 minutes at an average speed of 84 miles an hour. The engine Comet on two successive days with an average load of 273 tons, covered a total of 235 miles at an average speed of 79 miles an hour.

Again dealing with still heavier loads, on April 6 1934, the 4-6-2 locomotive No. 6200 the Prince of Wales, with the 5.25 p.m. ordinary express train from Liverpool to Euston (12 coaches 374 tons), covered the 152.7 miles from Crewe to Willesden Junction start to stop in 134 minutes 35 seconds, at an average speed of 68 miles an hour. A maximum speed of 85 miles an hour was recorded at two points.

The comparison of results with the costs of increments in speed obtained from Diesels, &c., would give these in due course the basis of much important planning for the future. The practical economic problem of running a fast train, however, went much further than the costs of the physical performance, and involved commercial considerations such as the traffic affected or deflected from other trains, with sometimes surprising repercussions.

Peace and the Public Mind.

It is beyond doubt that Sir Norman Angell is one of the most fervent pacifists now living in the world, in fact it can confidently be asserted that he is now the most whole-hearted pacifist in the British Empire. The Nobel Prize for international Peace was never more deservedly awarded than when it was to the author of the *Great Illusion*, excepting probably to President Woodrow Wilson. It is a serious commentary on these awards that among the Nobel Prize-winners for Peace there are some jingoists and quasi-jingoists. The political irrationalism and economic suicide that inevitably follow the course of a war were never more nakedly pointed out than in the pages of the great book of Sir Norman Angell, but it is tragic that all this warning was lost on those in power. The task of a peace-maker and of a friendly critic in favour of a rational course of action is often criticised and even treated with contempt. But history

critics did not hesitate to tell me what they thought wrong with it. The realities of politics, the said, were not the psychological things I had dealt with at all, but economic facts. Wars arose because indefinitely expanding nations lived in a definitely limited world, needed raw material, market territory for their excess populations, a place where they could succeed where war against others alone could give them. The New Darwinism. Either I have to eat you or you have to eat me. If true, the two parties could hardly come to a friendly arrangement about it.

Was it true? It seemed necessary to go on with the conversation and I wrote "The Great Illusion" — more successful than that first book. And for twenty-five years more or less critics have been saying that though the book on the whole is true, that though it proves its case that successful war cannot secure new markets, is not necessary in order to secure raw material to induce that is the producers of raw material (of which there is too much in any case) to part with their product, does not solve the population question of countries like Germany or Japan who need not colonies to which, as experience shows, nothing will induce their people to go, but a dependable world trade which peace alone can give and which war is certain to blow to bits — though all this may be true (say the critics) it is largely irrelevant because the real cause is psychological.

Which is true?

Both are half true. The ultimate cause of war and its ultimate problem are psychological in the sense that we are guided not by the facts (particularly not the facts of our own interest or welfare) but by our opinions about the facts which are usually quite false opinions. How are the false opinions to be altered into true ones? How are our unconscious motives of senseless animosity, vanity, bribe, mean injustices to be dragged into the light? By what means can it be revealed to us that the noble and more conscious motives, the infinite self-sacrifice which war can evoke, is in fact being poured out to ends that are ultimately evil?

Only by making it clear that the results are evil, do not achieve those ends for which we we consciously take stock of our purposes, we organize our society and build our States. Those purposes must be at the foundation economic. Three meals a day do not make the good life, but there can be no good life without them. It may be true that we use reason mainly for making what our unconscious prompts us to do appear reasonable. Which means that we feel also the need of being reasonable. To show the fallacy of the arguments a man uses to justify his conduct will to the degree to which the demonstration is effective ultimately modify conduct, render the unconscious more conscious.

Whether by that process or others, the motives which explain war more properly the motives which oppose the political changes necessary if war is to be abolished, can undoubtedly be altered. Those of us who knew the mood, the attitude towards war of the pre-war generation would in 1910 have regarded as merely comic the prophecy that in ten years an American President would be proposing a World League of European States, great Conservative leaders in Britain would be its tireless and persistent advocates, that Archibald boys and B. boys would support them or that Pacificists who in 1911 were just a stockiest of the middle-class humanitarian clamours with the military, the landlady and the ancient blower would in 1921 be worked to death addressing audiences that run to the thousands, audience so plainly anxious so deeply moved.

The Public Mind moves. But does it move enough, and quickly enough in the race with catastrophe?

The Myth of Indian Fiscal Autonomy

A lengthy article specially contributed to the *Indian Textile Journal* makes an illuminating and a penetrating study of the implications of the recommendations of the Joint Parliamentary Committee's Report on Indian Reforms regarding commerce and industry. We have no space to quote more from the article which we warmly commend to the attention of our readers. But the following extracts will amply show the nature of the contribution they strike a notion of caution well worthy of note by our rulers.

When we take into consideration the actual proposals about commercial relations when we hear in mind that Lancashire has accepted these safeguards with alacrity and wants to supplement them (not to supplant them) by an advantageous trade agreement when we see that the view prevails in Lancashire that the grant of reforms should be conditional on the trade agreement being satisfactory (evidently to British exporters) we realize that this high sounding partnership is a partnership between a giant and a dwarf in which all the advantages will go to the giant and all the burden will be borne by the dwarf. If India were given full or at least partial fiscal autonomy then this talk of partnership will have some meaning. But we search in vain for this conception of partnership in the long pages of the Report. A partnership can be struck between equals only. The Ottawa Agreement was thrown to the four winds by the Colonies for the simple reason that they enjoy fiscal autonomy (and political autonomy as well) and the moment they saw that that agreement was of no benefit to them they simply refused to look at it. The Governor-General's special responsibility in fiscal matters is described as follows:—

The prevention of measures, legislative or administrative which would subject British goods imported into India from the United Kingdom to discriminatory or penal treatment. This is the Safeguard and this will be expected supplemented by a trade agreement meaning the same thing. It plainly means that the Indian Legislature will have no real power to do anything to foster Indian industry if that particular industry is a thorn in the side of a similar industry in Great Britain. The moment the Legislature tries to help its own industry under such circumstances the Governor-General will apply the brake of his special powers and stop it. Couple this with the constitution of the Reserve Bank in which no amendment could be moved without the sanction of the Governor-General taken previously and you will find that there is no real power in matters fiscal conferred upon India. Our industrial fate and commercial fate and our fiscal fate will be decided not by our elected representatives but by the British exporters to India. The only bona fide manner in which to remove this apprehension in India is to take away the commercial safeguards from the new statute and to establish a convention and an agreement by mutual consent in mutual good will.

We may close this rather long article with a further caution. India has been recently trying to be an industrial country. To the extent to which she will succeed in establishing industries, the room for the

now call for action the first is *I need not Defeat on the second* a *Permanent Stabilization*. In the last chapter he answers the *Imperial Moral Injury*.

Every man knows that when he is off his course to the east he must turn west and that when he is off his course to the west he must turn east and he knows too that whenever he is he must not drift. But America has never yet had a mariner who really understood the laws of monetary navigation unless Franklin D. Roosevelt shall turn out to be such a mariner in which case he will be not so much mariner as Messiah. He concludes:

At this writing (May 1933) the final relative battle is on the battle between blind tradition and progress which sees with both eyes the battle between form and substance between those whose contract morality clings to the value of the gold as a measure of value and those whose contract morality is on the value of the gold as a measure of value. May the idea that value shall measure value prevail. The immediate state is great for at this very moment it is a question of recovery or of continuing the vicious spiral of false liquidation in a plunge to ruin. Recent events are well in our minds. We leave it to the reader to judge if Roosevelt has been Messiah or otherwise.

We join with Sir Joseph Stamp in congratulating Prof. or Irving Fisher on the service he has rendered to the American public and to the cause of American prosperity.

P. V. A.

The Indian Money Market

By Krishna Kumar Sharma M.A. B.Com. with a Foreword by Prof. Radhakamal Mukerjee M.A. Ph.D. P.R.S. Published by the Bangalore Printing and Publishing Co. Ltd. Bangalore City 1934. Pp. 29. Price Rs. 2-8-0.

Find out that a compendium of all that is relevant to Indian banking and currency matters needed Prof. Krishna Kumar Sharma has a tempted to undertake this task and it need not be stated that it is not only clear and comprehensive but it eminently serves the needs of the undergraduate and graduate student who sit for the Examination in M.A. The defects of the Indian money market the present dual banking system the financial agencies of inland and foreign trade and industries and the management agency system are portrayed vividly. The economic thinking needed to reconstruct a compact Indian credit system has been attempted in the different chapters of this book. That economic reconstruction requires a unified credit and currency organization and monetary stabilization is too well known to be reiterated by the reviewer. Prof. Sharma confines his attention to the above remedies and gives a careful outline of the way in which he would indeed plan this credit machinery of this country.

Writing quite recently he has had the opportunity of including chapters on the Reserve Bank Imperial Bank Amendment Act and the recent inauguration of the Sterling Exchange Standard in his book. While the leading view of economists and business men have been carefully expounded the author is not fully blinded to their defect. He is bold enough to state his views and support the same by cogent reasons.

The book consists of 19 chapters which attempt to critically survey the money and capital markets of the country.

In the chapter on the Presidency Banks the author could have added how Mr. Cockerell was unwittingly responsible for the introduction of clause of limitation binding the Presidency Banks in matter of foreign exchange business. He makes the charitable remark that the restriction binding the Presidency Banks were helpful in letting the banks pass through severe crises. They also made the note circulation popular to a certain extent. Much relevant matter which the present reviewer unearthed from the archives of the old records of the Bombay Government and which is published in his *Organized Banking in the Days of John Company* could have been introduced to make the chapter interesting and up to date at the same time.

Coming to the commercial banks he rightly exhorts them to grant more personal loans to bank customers to open more branches and check the uneven distribution but on of the same in this vast country. The difficulties in the expansion of the Indian joint stock Banks have been outlined and the possibilities of expansion have been hinted at.

The privileged position of the Imperial Bank is next examined. Its achievements and its shortcomings are placed before the reader in an impartial manner. He unfortunately acquiesces in the position it occupies as the sole Government banker.

With reference to the indigenous banker Prof. Sharma wants a reorientation of the activities and would willingly devolve them into modern bankers so as to supplement the existing cooperative banks doing business in the interior.

Explaining the financial position of the cooperative movement he rightly inclines to the view that their reasonable demands ought to be granted by the Imperial Bank, the Government and the Reserve Bank.

In the chapter on Land Mortgage Banks Prof. Sharma criticizes the suggestion that the commercial Reserve Bank should have a separate department for centralizing cooperative land mortgage business in its hands. Considering the fact that some of the newly created Reserve Banks have thus self same business tackled on to the formation of another department to look after agricultural long term finance may not be considered foolish. The policy of centralization in the floating of debentures might be a risky one. That the cooperation of the rural money lender is to be enlisted in any scheme of land mortgage banking, the wise conclusion of the author. As Dawson's Bank of Burma failed to make any appreciable progress the prospects of commercial land mortgage (joint stock type) bank seem to be indeed shortening.

Considering the backward character of Indian industrial finance machinery the author wants a State aided industrial bank to finance industrial opportunities. Following the recommendations of the Central Banking Enquiry Committee and the Provincial Banking Enquiry Committees the starting of Provincial Industrial Banks is needed and the much desired provincial coordination is to be forthcoming by the start of an all India Industrial Corporation. An all India Industrial Board is to help the operation of the Industrial Banks and guide the industrial destiny of the nation as a whole.

Rightly or wrongly one full chapter has been provided for discussing the almost worn out issue of the managing agency system as a sort of industrial financing agency. The managing agency of a bank now concerns has been condemned by the author.

That the financing of foreign trade is not

thing on God. On the practical side the triumph of the Vedanta has meant the triumph of the positive ideal of life. This is shown not only by the social basis of the ethical discipline which the Vedanta as an orthodox doctrine commends but also by its conception of the highest good which consists not in isolating the Self from its environment as it does for the heterodox school but in overcoming the opposition between the two by identifying the interests of the Self with those of the whole. Both ideals alike involve the cultivation of complete detachment but the detachment in the case of the Vedanta is of a higher and finer type. And what is this? Mr Hiriyanna writes "Kaldasa who as the greatest of Indian poets may be expected to have given the truest expression to the ideal of practical life known to the Indians" describes it as "owning the whole world while disowning oneself." The Vedantic idea of the highest good also implies the recognition of a cosmic purpose, whether that purpose be conceived as ordained by God or as inherent in the nature of Prabhut itself, towards whose fulfilment everything consciously or unconsciously moves. The heretical schools except in so far as they have been influenced by the other ideal, do not see any such purpose in the world as a whole though they admit the possibility of the individual freeing himself from evil. There is little to wonder then that Professor Hiriyanna should stress the fine and yet little appreciated aspects of Vedanta in his study. There is little need so far as this review goes to refer in detail to the various parts of the work. But we must add that the account of the Pre-Upanhadic period is extremely suggestive while that of the Upanhadic is valuable alike for the spirit that dominates it and the clarified manner in which the matter is presented. The *Blayard Gita* is dealt with in a masterly fashion. Emphasis is rightly laid on the practical aspects of its teaching. It contemplates no period when activity may be wholly renounced says Professor Hiriyanna. That is justly said and to those who describe Hinduism as a fatalistic religion that discards life or ethical aspects deserve to be reminded of this corner stone of the teaching of the *Blayard Gita*. Man should continue to work according to the ideal in the perfected state. In the treatment of early Buddhism Professor Hiriyanna has shown a deft hand. He brings out clearly how Buddha rationalized the doctrine of Karma and turned it into an impersonal law in the domain of morality working according to its nature and by itself. The account of Jainism is a succinct one and is mainly valuable for the criticism it offers of the *Sarvabho g* doctrine. But when he nearly denies it a place in the philosophy of the world of India perhaps one may be tempted to join issue with him. In treating of the different systems of philosophy Professor Hiriyanna is at his best. There is no space here to consider the special contribution he makes to their study and understanding. But it must be said that his accounts of them are characterized by suggestive criticism, keenness of appreciation and subtle reasoning. To say that is not only to drive the reader to the book but also to impress on him the fact that he will if he reads it see what a difference it means to write direct from one's own first hand knowledge of the original authorities bearing on a subject and what it is to merely compile a work—even a work on philosophy, religion or literature. That is the great point about Professor Hiriyanna's work as we see it here. It is what he feels from his reading of the older giants of philosophy that we get here and not second hand impressions derived from the reading

of secondary authorities. A book of outstanding merit worthy of a place in every Indian library.

Mahipati's Bhaktavijaya—Vol I

Translated by Justin E. Abbott and N. R. Godbole. Office of the *1001 Series of Maharashtra* No 62. Sadashiv Pet. Poona 2. Price Rs 3.

In a Foreword the Rev J. F. Edwards the Editor of the series entitled *Past Masters of Maharashtra*, explains how this famous Marathi work came to be translated and under what limitations. The interesting fact is brought out that Dr. Abbott tried to make the Marathi poet speak for himself through the medium of the translation. A literal translation though it may not run uninterrupted and smoothly is to be preferred to a free one which makes demands on the inquiring student who reads a work in the language into which it has been translated. We entirely agree with the Rev. Edwards that Dr. Abbott was correct in his view and that there is no ground whatever for adverse criticism here. As to Mahipati himself it is unnecessary to remark that some of his poems have been held by competent foreign critics as among the finest of the productions of the world. Kuralad has observed if Mahipati had used a linguistic medium more widely known than Marathi he would be ranked among the world's poets. He is full of the bhakti spirit and his work is invaluable to the student of contemporary history as well. Of the greatness of Mahipati only one observation taken from his own works quoted by Pandit Godbole ought to suffice. "Saints conquer," he says, "their opponents by the strength of peace and forgiveness." A life of Mahipati is given in the introduction and it shows that not only is he the poet of poets—the biographer of the *Past Masters of Maharashtra*—but also a truthful writer. On this point we must suggest interested readers to read the Introduction for themselves. A work of great value and of rare virtues bound to be read by a large public than ever before.

Some Aspects of Rural Economy in the Punjab

By B. B. Madan. Ramakrishna & Sons, Lahore. At a time when rural economies has assumed enormous proportions thanks to the dynamic energy and activities of Mahatma Gandhi such studies like that here presented of the economies of a Punjab village will be useful as aiding us to assess the true position and gauge the actual needs of our villages. It is a tribute to the first sightedness of Mahatma Gandhi that he would not insist on a uniform plan of rural recovery throughout the country. He would leave the various provinces and even districts to evolve suitable programmes to themselves so that reconstruction may be made on the lines suited to the place. Under such circumstances the study of a typical village of the Punjab will be doubly useful in that it will help the local rural reformer and also will let the reformer in other parts of the country make a comparative study. We welcome Mr. Madan's booklet containing his thesis for the M.A. Degree in Economics of the Punjab University. We have a warm word of praise to the young writer who has doubtless taken great pains to collect the information and to understand the true nature of rural problems. Facts and figures are used in plenty to help the lay reader as well as the social worker.

A Short History of Ancient Egypt

By A Weigal Formerly Inspector General of Antiquities Egyptian Government Messrs Chapman & Hall Ltd, London Price 8/6d net

A rather melancholy interest attaches to this readable short history of ancient Egypt by an expert student and popular interpreter of its remains and culture. Egyptology lost a keen and interested scholar in the death of Weigal, when this book was passing through the Press. The illustrations chosen show it up to date character and the greatest credit is due to the publishers in making so readable a book available at comparatively small cost to the popular reader. If Mahaffy popularized the rule of the Ptolemies in Egypt, and if Breasted made known latter day research in Egypt this book sums up all known early history of Egypt in a compendious form. This book is likely to prove definitively the most popular account of one of the most engaging nations of the ancient world. Weigal has made the Pharaohs live over again for us and therein lies the charm of his 260 pages of history.

Buddhist Remains in Andhra and Andhra History, 225-610 A.D.

By K. R. Sribhramanian M.A. Published by the Andhra University Price Rs. 9-8-0

The impetus given by the founding of the Andhra University to the study of literature and history whether in inscriptions or MSS found in its territorial area, is a matter for warm congratulation. This volume, which forms No. III in the Andhra University Series brings together the Buddhist remains in Andhra and sums up its history between 225-610 A.D. Dr G. Jouveau Dubreuil of Pondicherry writes an appreciative *Foreword* in which he describes the book as excellent and adds it will be to the modern Andhras, a powerful stimulant. So it appears to us too. In his Preface the author describes the circumstances in which the work incorporated in this volume came to be done and the help he has received from Mr C. R. Reddy, late Vice-Chancellor of the Andhra University and others. An interesting feature about this work is that it is based on reliable data throughout. Another noteworthy point is the bringing together of all the data connected with Nagaryana's life and work. The history of the different dynasties of kings that ruled over Andhra between 225 and 610 A.D. lays under contribution all available materials. It is written with restraint and is bound to prove useful as an incentive for further research. It may indeed prove a fresh starting point for research into Andhra history as it is nearly up to date from the epigraphical point of view. A chapter of particular interest is that on Andhra culture abroad. Equally valuable is the one on Administration. Altogether a volume which is bound to interest those interested in the Andhra country and people not to speak of students of historical research generally in India.

Jiva Sastra:

Part III Manushya Sarira Sastra and Arogya Sastra

By M. V. Sundaresan M.A. LT., Head Master District Normal School Shimoga. Translated by K. S. Venkatasubban B.A. LT. of the Mysore Educational Service pp. 172 (illustrated) Price Rs. 1 The Bangalore Press

This recently got up book on Biology in Kannada is in continuation of the other two parts noticed in these columns. It deals with the elementary

Principles of Physiology and Hygiene within the compass of nine chapters. The author and his collaborator have spared no pains to make the subject interesting and popular. The book is illustrated by sketches and has a glossary of technical terms.

aptly rendered from Kannada to English. The *Frontispiece* is adorned by the half bust portrait of that savant Louis Pasteur. This publication maintains the level of its predecessors and ought to prove useful as a text book to teachers and students. At the next edition it is to be hoped the author will add to the utility of his book by appending short and interesting notes on eminent biologists and their work at the end of each part.

N. S. R.

Mass Education in India

By R. V. Parulekar. Published by the Local Self Government Institute 11 Elphinstone Circle Fort, Bombay. Price Annas Eight.

Mr Parulekar says. The choice before us is one between the efficient instruction of the few and the literacy of the many. He decides in favour of satisfying the many. With that object he would recommend a complete overhaul of the methods of mass education prevalent in the Bombay Presidency. His suggestions are (1) increasing the number of pupils per teacher from 30 to 60, (2) reducing the period of the primary school course from 5 to 4 years, (3) simplification of the curriculum, (4) raising the minimum age of admission from 6 to 5, and (5) adoption of the Shift System or some variation thereof.

The second part of the book contains notes and documents relating to the expansion of mass education in some foreign countries. The experience of these countries is quoted by Mr Parulekar in favour of his scheme.

We have no quarrel with the point of view of the author. He is perfectly right in thinking that quantity is even more important than quality. Personally we beg to differ. The education imparted in our elementary schools at present is not generally of such a type as to make it really useful to the student. The tragic relapse into ignorance and in some cases even illiteracy of the man who had had an elementary schooling is apparent to any one who has attempted to study the problem of our mass education. We agree that an overhaul is needed of the curriculum of our elementary schools. We plead that a more efficient system should come into vogue. It should not be impossible to have even in this country, a more efficient primary schooling and at the same time extend the number of schools to improve the quantity of our literature. In spite of the anxiety of our author not to offend the authorities provincial as well as local, we take this opportunity to repeat that the inordinate waste of our public money on unnecessary and unwanted expenditure is responsible for this deplorable state of affairs. Without a change of policy and even of heart on the part of those in power in this country, nothing can be done to substantially improve the status of our masses.

The example of the foreign countries is, we are sad to say, unhappy. The history of primary education in those countries runs on entirely different lines from that in our own. The chance that might have and had come over the educational policy in those countries was effected to meet the requirements of a changing situation. In some cases it was an over efficient curriculum that gave place to an efficient curriculum. But in our country the curriculum at present in existence is hopelessly inefficient and

maladapted. To quote the experience of those countries is to misread history. It is pretty clear that our educational policy should be evolved on lines more suitable to our genius and traditions rather than take to policies based on a reading of the history of distant peoples.

A A R

Thus Speaks Zarathustra

Translated by T. Common and revised by Oscar Levy and J. L. Bevers. With an Introduction by Dr. Oscar Levy. Messrs. George Allen & Unwin Ltd. Museum Street London. Price 3s. 6d.

Dr. Oscar Levy is so well known as the authorized translator of Nietzsche's works that this dainty little volume requires no praise to put it to the front. Good wine needs no bush. To state that this is the 6th edition of 4000 copies is to announce its high popularity. This work has been said to be the most original of Nietzsche's work and its accurate translation has been thus a matter of importance. Nietzsche had not only a German style of his own but also created. Dr. Levy well puts it a new one. He thought for himself and to express himself he coined new words even. This translation is splendid and follows the manner of Zarathustra himself who to the honour of all the contemporary heroes once gave out the lines: My youth is of the people too free and so rise do I talk to Angelo, rabbi, and still stranger soundeth my word to all dabblers in pen and ink. Quite a sixth part of the book (about 360 pages in all) is devoted to the Preface, in which the reader cannot proceed to its main contents. Nietzsche wrote in his last work these words which are aptly quoted by Dr. Levy, words which should be no by the reader if he wants to understand him. That which defines me that which makes me stand apart of the whole rest of humanity is the fact that I unmasked Christian morality. No wonder he also wrote these words. I shall be understood after the next European War. Here the book but will make you understand him—and the Europe of today.

South Indian Celebrities

Vol. I. Sketches by K. M. Bala Subramaniam. Sude & Co. Madras. Price 1s.

Mr. Bala Subramaniam has written sketches of some well-known figures in the public life of the Madras Presidency. Three of them have distinct all-India fame: Sir P. K. S. N. Mukham, Chett. Dewan Bahadur K. Ramaswami Aiyar and Dr. S. V. V. Lakshmi Peddareti. The other two are the Kumara Rajah of Chettanad and C. Natesa Mudaliar. Mr. P. T. Raja, Mr. Muthiah Mudaliyar and Dr. P. Subbarayan. The author admits that these celebrities belong to a particular party and to a particular section of the particular party. His reason is that while one book treats of Andhra celebrities alone, another book goes into the life of person and personalities living in a limited area and belongs to a particular community. We feel that this explanation is not warranted, namely, as the title of the book expects that the figures be South Indian and no more.

One great defect of this book is its over-indulgence in comparing the subjects with Western figures. Frankly we think that many of them are overdone and some even more so. In the course of the third lecture on Gokhale delivered recently in Bangalore under the auspices of the Mysore Univer-

sity the Rt. Hon. V. S. Srinivasa Sastri referred to the comparison often made of Gokhale with Gladstone and Cavour and deprecated this tendency as the setting and equipment of Indian politicians and public workers are entirely different from those of the Westerns with whom they are compared.

Our own honest feeling is that while many Indian personalities do deserve great consideration and exhaustive treatment at the hands of our biographers and eulogists it is a fact that few in India possess the equipment—which includes both ability and perspective—needed for the task. For want of better ones and as first steps in such attempts we welcome such publications. We would wish a more discriminating selection on both of language and of personalities in this collection.

English Selections for College Classes

By K. Devanathachari, M.A. Assistant Professor of English, Central College, Bangalore. Messrs. Macmillan & Co. Ltd. London, Bombay and Madras.

This book of *Selections* is a typically modern one and its chief merits are in its representative character—representative of pieces and writers. A glance at the contents shows the fine sense of discrimination brought to bear on the difficult task of selection by Prof. Devanathachari. To say that it is not much for his work deserves even higher praise. Perhaps we should add that his labours should have been great to produce a collection like this one. It is interesting to note that he has found room for a selection from Mahatma Gandhi. That is not only right but also typical of his catholic taste. We have not only Bacon, Defoe, Swift, Addison, Cowley, Samuel Johnson, Collier, Carlyle, Macaulay, Dr. C. W. C. Thackeray but also Trelawny, P. G. Hamerton, A. E. Bury, Rabindranath Tagore, E. V. Lucas, Hilaire Belloc and Mahatma Gandhi. Well fitted for the serious attention of the English Board of Studies of the different Universities in India and elsewhere. The Notes at the end are brief and pointed and quite scholarly. They ought to prove helpful to teachers as much as to the student.

Govinda Deekshita

By K. Venkatesam Pantulu, M.A. LT. Madras Educational Service, Rajahmundry.

This is a reprint of an article in the *Quarterly Journal of the Andhra History Society*, Vol. II, Parts 3 and 4, 1918. It is of value mainly for the particulars it contains about Govinda Deekshita who was a minister of Chavappa, the first of the Nayak Kings of Tanjore. He was a native of Kumbakonam and that he was a Kattakata, a name of Brochures of this kind are to be welcomed for they add to our knowledge of the time to which they relate themselves.

The Prakash

Edited by Narayana Ram Shukla. Editor, Prakash Rewa. Price 1s.

This special number of the Hindi weekly—sponsored in English—is published in honour of the 50th anniversary of the foundation of the whole of the publication is taken up with a number of articles on the various activities and beauty of Rewa. It gives an interesting picture of the State's resources and the work of the administration of the Maharajah of Pawa. Numerous illustrations add to the usefulness of this issue of the journal.

Gopal Krishna Gokhale

By T. Lucie Turnbull and H. G. D. Turnbull
Messrs V. Sunil Iyer & Sons, Trichur. Price Rs. 14.

No European or American student finishes his course of school education without getting some idea into his or her head of the great figures that built up his or her nation. But in India the education imparted in our pupils is notorious by the un-Indian atmosphere that characterises it. It is not unusual to find Indian educated men who are more at home with Alfred and Charlemagne than with Asoka and Akbar, who know every detail in the life of Disraeli or Gladstone but who know little or nothing of Ranade or Dadabhai Naoroji. Such a state of affairs still continues to exist in spite of the strong nationalistic wave that has been prevalent in the last decade and a half thanks to the most powerful and unparalleled personality of Mahatma Gandhi. Now and again we find in text books of our schools and colleges some half-hearted accounts of our own great figures and some selections from the writings of the great men that have contributed to the building of modern India. The reviewer remembers vividly a Lecturer in English in a South Indian university telling him that a distinguished South Indian scholar in English, who is a Professor in one of the most prominent colleges in South India—an Englishman—returned home—talked slightly of the Rt. Hon. V. S. Srinivasa Sastri and Sir Asutosh Mukherjee, selections from whose speeches were included in a book that was under discussion for prescription as text. This feeling is undoubtedly born of an inferiority complex. Thanks to the agitation of some of the more well informed and independent minded of our educationists such instances are becoming more and more rare.

One argument that is generally put forward against the prescription of Indian writers in English is the comparative lowness of the standard of prose of our writers. But this is not true of all our great men. Men like Mahatma Gandhi and the Rt. Hon. V. S. Srinivasa Sastri put English writers to shame. While taking a select few from among the Indian writers we can prescribe books on Indian subjects and personal ties by competent English writers as was suggested by Mr. C. Ramalinga Reddi to the Andhra University. To meet that want suitable books must be written in English by competent and sympathetic English men.

Two such are the authors of this book on Gokhale. English by birth, they have developed a keen sense of sympathetic understanding of the great Indian statesman whose life and work they have rendered in simple and elegant prose, worthy of study in our high schools. Gokhale himself is one of our very best men both in intellectual equipment and in moral personal life. He appealed to the Indians of his day as a patron of the highest order though his patriotism was not of an ungovernable type in spite of the restraint and moderation that characterised his utterances and his demand for his absolute purity of motive and in question of sincerity of purpose endeared him to his countrymen. To the English readers he appeared as a person of most constructive train and as commanding a knowledge and ability worthy of those who have held the highest positions in the political world anywhere. To have met an intellectual combat the masterful Lord Curzon and to have evoked the genuine admiration of the great Lord Morley is to have placed the seal of commendation on the genius and personality of Gokhale. Non-official Englishmen too have been attracted by this

rare figure. To Mr. A. G. Gardiner he was one of the ablest men and noble characters with whom I have ever come in contact and Mr. H. W. Nevins has said that Gokhale is perhaps the sanest and the best character that India has ever produced. Lending an accurate knowledge of Western history and Western thought with a profound understanding of the Indian mentality and of the ancient civilization that has moulded it, The study of such an Indian is sure to be of incalculable value to the Indian boys and girls and we are deeply thankful to Mr. and Mrs. Turnbull for placing within their reach an extremely readable book on one of the greatest Indians of all time.

Contemporary India

A Quarterly Review of Indian Affairs. Edited by P. I. Bedi. Annual Subscription Rs. 9 (inland) and 11s (foreign). Single copy Rs. 2.50 or 4s per copy can be had of the Editor, Mod. Town, Lahore. This new venture in journalism is sure to welcome the elite public of India if it is able to maintain the standard of its first number. Professor T. Shah writes on the problem of Defence in India. Mr. P. P. Ganshi stresses on the need and scope of Economic Planning for India. Dr. Lanka Narayan contributes an article on the Plight of the Immigrant Indian. Professor V. G. Kale has on some Selected Statistics. Mr. N. G. Ganguly leads for representation abroad to meet successfully the chaos in Indian Trade. Dr. Anita Kashyap, German lady, describes the upbringing of children in the country of her birth. The Reviews Section is good. If the *Contemporary India* can always touch to its service such learned and able writers, have every hope it will be a valuable addition to Indian periodical journalism.

The Malayan Commercial Review

Edited by A. S. Roman. Published monthly at 4 and 78 Waterloo Street, Singapore. S.S. Price 10 cents.

We have great pleasure in welcoming this new venture in commercial journalism in Singapore. It is full of useful information of all topics of Straits Settlements trade and commerce. A special article pending upon Japan's monetary policy is instructive. Attractively got up and neatly executed, this journal well worth encouragement.

Sadananda

Vol. 1, No. (1). Published by the Editors, The Sadananda Office, Dharmapuri, Annual Subscription 12 (inland), Rs. 2.50 (foreign).

We extend a hearty welcome to this new Monthly. A Quarterly proposed to be devoted to discussion of current topics of varied interest. The present number deals with items of literary, social, economic and religious importance, besides such topics of every day utility as astrology, the stage, life insurance and so forth. It is also illustrated. The Magazine seems to be promising, but it is to be wished the Editors will leave no stone unturned to make it popular throughout the Karnataka, alike in content and in the subject matter dealt with.

S

Acknowledgment.

Statistical Abstract of the Baroda State 1923-24 to 1932-33. Printed at the Baroda State Press, Baroda. Price Re. 11.

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No 5

India and the New Deal-I.

By Dr B Ramachandra Rau, M A , Ph D , F R E S ,

Department of Economics and Commerce, Calcutta University

The Phrase New Deal

The recent economic experiments commonly referred to as the New Deal have been launched on the American public life one after another—the Banking measures the N R A the A A A the Public Works Schemes the Civil Workers Corp the devalued dollar the exposure of financiers and industrialists the desire for shorter hours higher wages and the new three fold work plan—in quick succession—one after another. These varied measures go by the well known phrase—the New Deal. According to President Roosevelt the United States of America which was a stricken nation in the midst of a stricken world needed these comprehensive measures.

ITS MEANING

The new economic planning is to take the place of the old psychology of the rugged individualism of the capitalist machinery. It really meant a conscious and deliberate management of all economic walks of life and the institution of greater co operative effort in place of merciless and cut throat competitive life.

ITS COMPREHENSIVE NATURE

All the diverse activities of economic life—agriculture banking industry commerce transportation and compare production currency manipulation and social reconstruction of model regions have to be thoroughly overhauled so that general welfare and life and habits of the people might be bettered. Even Stock Exchange activities have to be regulated. Throughout the campaign the aim and objective was to better protect the purchase and sale of property.

The proper co ordination of all these activities by the new deal and these different administrative measures display constructive thinking, practical idealism and national ser-

vice. These three characteristics form the trinity of the new deal.

THE NECESSITY OF THESE MEASURES

Governmental Administration became fully rotten and highly expensive. The deficit budgets since 1931 have been adding to the existing huge debts. An immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices consolidating departments and bureaus and eliminating extravagance by almost 25% was the objective according to the policy of the Democratic National party.

The value of stocks and shares fell from the dizzy heights of 1929. Business recession marked the stage throughout the years 1930 1931 and 1932. Unemployment began to increase. The savings of the people were almost destroyed by insane speculation. The average price level of the important commodities of life fell to a great extent. The entrepreneurs were displaying a remarkable lack of confidence and were marking time.

Poverty amidst plenty has been the graphic phraseology and in this case while plenty of natural resources existed as a result of careful exploitation on the part of the worker, these goods were lying unsold as a result of lack of purchasing power on the part of the masses. Starvation existed with bountiful bumper crops. The point of disequilibrium between production consumption and distribution became marked. Economic disharmony was the direct result therefrom.

The lack of co ordination in economic activity led to excesses everywhere. There could be no market either at Home or in the impoverished world outside. Effective control of surpluses was the motive.

The new era of prosperity vanished all of a sudden as if a big miracle happened and

Nemesis seems to have overtaken the Eldorado. The creeping paralysis of unemployment began to overtake economic life and activity. It was a failure on the part of American economy to adjust itself to the changing conditions of the new world relations arising out of the throes of world depression.

A BIRD'S EYE VIEW OF THE NEW MEASURES

The ideal was to improve the standard of living of the worker and to achieve this all activities of life were subjected to legislative pressure. In the words of Roosevelt the attempt was to dethrone an uncontrolled unbalanced economy creating paper profits for a relatively small group and the real enemies of man which are hunger, want, insecurity, poverty and fear have to be driven out. All the radically socialistic measures of his were to secure the above ideals. Aiming at the establishment of a sound national economy he strove to find work for all people—a task which was to be accomplished even by direct recruiting by the Government itself as it would be done in the case of an emergency of a war by freely redistributing the population of industrial centres by facilitating the use of land by those most capable of so doing, raising the value of agricultural products so as to enhance the purchasing power of the masses, preventing farm failures, reducing the cost of Government, Federal, state or local—unifying relief activities, planning adequate transportation facilities and supervising the public utility concern. This national planning has to be aided by a strict supervision over banking, credits and investments. An adequate and sound currency has to facilitate the exchange of goods and services. Speculation with other people's money has to be checked and rendered impossible. National recovery needed the above measures and the presidential policy was to actively interfere in all the above directions. Agricultural prosperity, cure of unemployment, relief from mortgage indebtedness, supervision of banks and credit, effective control over security dealings and the making of foreign loans by securing government control, industrial recovery and proper commercial control were the broad planks of the new deal campaign which was first outlined by the junta of advisers who have been termed in popular parlance as the Brain trust. Governmental intervention on an unprecedented scale has resulted out of their advice. What was once considered as an anathema became curiously indeed the sovereign remedy.

THE A. I. A.

Coming to Agriculture the Agricultural Adjustment Act of 1933 strove to raise prices of farm products, to provide cheap finance and secure the liquidation of old mortgages. It strove to check over production. The re-financing of mortgage and other debts at lower interest rates was the primary objective. The hope of free ownership of land was to be the ultimate ideal actuating the above agriculturalist borrowers. The restoration of agriculture was to be secured by better financing of farm mortgages, thorough reorganized farm bank agencies, extension and development of farm co-operative movement, effective control of crop surpluses and the enactment of every constitutional measure so as to aid the farmer to receive for basic farm commodities prices in excess of cost of production. The small home owners in cities and villages were to be given more than anything else work and security.

TRANSPORTATION

The railroads were to be brought under unified and economic management. Federal aid was to be granted for financial reorganization. The checking of duplication and the elimination of all wastes are the objectives aimed at.

INDUSTRY

The different codes aimed at introducing shorter hours, greater wages, the stopping of child labour, the preventing of over production and the checking of unsaleable surpluses. A study of the cotton goods industrial code would convince one of the utility of these measures. The Reconstruction Finance Corporation would have to lend funds to industry. About 182 industrial codes covering several workers were drawn up. Basic wages rose and great improvement in working conditions resulted. Child labour disappeared. Cotton, textile, steel, soft coal, automobile and other industries under these codes greatly benefited. The consumer however began to experience higher prices and the cry of organized labour for shorter hours, higher wages and shorter working week became all the more insistent.

MONEY AND BANKING

Money and Banking are to be given a definite plank in national economic planning. The immediate objective was to stay banking failures. It was to raise prices by judiciously controlled inflation. The basis of credit was to be widened. The remonetising of silver was to take place. The value of the dollar was to be devalued by 60% and the stabilization of money was to be in terms of commodities.

Gold coin circulation was to be abandoned. The National ownership of gold bullion was to be declared so that gold might be sent out of the country for liquidating international indebtedness. Easier and less sound credit more indebtedness by the banks and more paper money resulted out of the Emergency Banking Act.

TRADE AND COMMERCE

Under trade and commerce the vexed and old fashioned clause of Most Favoured Nation Treatment ought to be deleted and bilateral treaties ought to be arranged to secure improved trade between the U S A and the particular countries. The creation of external markets would thereby solve the domestic surpluses either in agriculture or industry.

The Economy Act sought to balance the budgets of the different Governments. The cutting down of useless expenditure was its chief motto. The reduction of armaments was to be carried out if practicable. Pursuing the well known maximum of taxation that lower rates would yield higher returns he strove to carry it out. He strove to realise a greater fructification of taxation returns by a judicious lowering of present day taxation levels thereby leading to the plucking of the fethers of the goose as silently as possible to check any loud squealing on its part.

Quasi local governments had to be financed with the help of credit doled out by the Federal Government so that their problem of balancing the budget might safely be made.

The Civil Conservative Corps was specially formed to solve the unemployment problem of the able bodied youths. Government public works were also to be financed by securing additional bank credit.

Having seen phenomenal success of the regional planning scheme of the Tennessee Valley and the Muscle Shoal Development schemes of nation wide economic planning are resorted to in the first flush of early success.

Concurrent co ordinated and co operative efforts were to prevail in all walks of economic life so that economic prosperity might result.

WHET OF SUCCESS

In spite of apparent defects and dangers of the recovery measures such as price fixing process taxes crop subsidies subversive influence of organised labour unions the executive dictatorship over industry trade finance and public welfare some amount of improvement has resulted. Throughout 1934 there was a spirit of cheerfulness and hope

in the entrepreneurs. Millions of unemployed men were set to work. Thousands of banks resumed their business activity. Industrial expansion has resulted. Commodity price level has risen. Internal trade is increasing and the circulation of money has been increasing by leaps and bounds. Farm relief has not been insignificant. Public works have been started. Crop control has indirectly led to the diminishing of excessive crop surpluses thus giving a chance to agricultural revival. Unfair business practices have been put down. A fixed minimum wage standard has been established though indeed it is farcically low and not very far from the poverty line itself.

Though indeed the critics of the Administration point out that prosperity is apparent and not real and pooh pooh the idea of governmental interference in every walk of life the actuating ideal is the realization of a well ordered prosperous and happy social life. Will have to be considered as the most desirable motive. Excessive taxation to provide firm relief excessive dependence on state activity undue power of organised union labour competition with private business and undue influence over capitalists on the part of the Executive and such other evils of economic disarray have sprung up. These might militate against the popularity of the administrative measures and no lasting prosperity might have been achieved after all. That a sustained endeavour and cheap finance would be needed becomes easily understood. A perpetually increasing debt is the price if the new deal programme is to be a matter of success. The more the programme approaches that of state capitalism and socialism the more reprehensible does this recovery policy become. The long range planning needed in these measures might be defeated. The economic fallacies and social vagaries of the new deal programme will provoke disrespect for the Administration and its emergency laws. Barring the spirit of organization and keen discipline that these ideas inculcate the programme of made work and government doles cannot be justified as very educative steps indeed. Frankly speaking what is being attempted by the Italian *Corporative State* is being carried out by the Administration of America. The Federal power is becoming a direct and all compelling force. No real self government in industry and no rapid restoration of private employment have resulted. No sound currency with stable purchasing

power has resulted. It might be that certain outstanding difficulties have retarded business recovery. Three fundamental difficulties have delimited the field of success. Right Honble Reginald McKenna admitted frankly that many outstanding difficulties have dwarfed the rate of progress and actual results. The mass psychology of the East the West the Middle and the South should continue to be the same and accept implicitly the Presidential decrees. Finally the capitalist system is still allowed to remain and some sort of tinkering is being done to improve its structure and make it more humanitarian in its attitude towards labourers.

FINAL OPINION

If indeed the creation of better economic opportunity were to be the be all and end all of economic planning the individual financial position would be much improved. Economic planning can be said to have achieved success. If clear and plain living and right thinking were to accompany the same it would solve the materialistic aspect of the problem and tend to elevate the high individual character of the average citizen of the U.S.A. That some amount of success has been achieved in this direction is the opinion of some of the English observers of American economic conditions.

Economic Disarmament.

By V K R V Rao, M.A.

It is a familiar fact of the history of the post-war period that nations have been following economic policies which are creative of mutual distrust and suspicion and ill will in the sphere of international relations has been largely promoted by this sad fact. Indeed it would not be untrue to suggest that economic measures have been almost literally employed as weapons and the nations of the world though professedly at peace have been waging a fierce economic war during the last 14 years. Economic armament has been a powerful stimulant to military armament the growth of the one being followed by that of the other and there can be no doubt that a prelude to or at least a guarantee of the maintenance of an effective international agreement on disarmament must be disarmament in the economic sphere and it is in the fitness of things that Prof. Richardson with his immense experience at the I.L.O. should have attempted a study of the major problems involved in any scheme for economic disarmament.*

Prof. Richardson points out that the forms of international economic warfare are many and varied and include not merely the question of tariffs struggle for markets labour standards and exchange depreciation but also such things as bounties subsidies direct and indirect unfair competition and it may be added that the latest addition to armoury is the Quota System. Prof. Richardson however confines himself in this work to a study of the major problems of tariffs labour standards and monetary stability.

The steady rise in post-war tariffs is too noticeable to need description even as early as 1927 the average height of the tariff level of different countries was in the neighbourhood of 25% and ever since, they have been steadily mounting upwards with occasional interruptions of tariff truces whose untimely terminations have been but the signal for a fiercer outbreak of tariff warfare. Prof. Richardson analyses the causes of high tariffs under various heads such as the movement for national self-sufficiency, undue war-time development of certain industries, dumping, ineffective tariff bargaining and exchange depreciation. All these causes exist to-day in as much if not stronger measure than they did when the book under review was originally written, and the dismal failure of the World Economic Conference is only an indication of the deep-rooted sway of the irrational elements which have so much contributed to the poisoning of the sphere of international relations. As long as people feel politically insecure the nations of the world will follow a policy of self-sufficiency and that inevitably spells high and higher tariffs. Moreover it must not be forgotten that part of the post-war stiffening of tariffs is due to the natural desire to expand of some countries whose industrial development had for one reason or other been thwarted before. Further the world has become so interlinked that it is not now possible without tariffs to secure the continuance of high standards of living which some countries have previously secured and the intensity of the economic warfare is but magnified by the half-suspected knowledge of its ultimate futility. There

* *Economic Disarmament* J.H. Richardson M.A., Ph.D. Pp. 224 Allen & Unwin London 7s. 6d.

follows a chapter on the British Tariff situation which reads very strangely indeed in the light of recent happenings. It is also rather difficult to explain Prof Richardson's enthusiasm for international trusts and cartels.

Extension of the productive commercial and financial structure of international trusts over a large number of countries is of value not only in establishing closer economic relations but in strengthening the foundations of peace. An international agreement between national cartels can easily break up in time of war. But an international trust with interests in many countries would suffer serious disorganization in the event of war and its influence would therefore be exerted for international peace. And benevolent approval is given to the suggestion that international trusts and cartels should be required to register with the League and that the League should exercise permanent supervision over them. One wonders as to how much more responsibility the League machinery could stand before it registers a break down too conspicuous to be glossed over in gushing editorials of leading newspapers.

Prof Richardson comes to the most vital problem of the day when he discusses the achievements and possibilities of international labour standards. There is nothing which has created so much panic as the fear of high standards of life being lowered by the competition of countries with a lower standard of life and the fear which accompanies panic is the natural breeding ground for unreasoning hatred. Recent discussions of the Yellow Peril and Japanese competition furnish very good examples of the most curious hotch potch of economic fallacies which one would judge from the number of text books on the subject have thought had disappeared long ago. It must be admitted however that the International Labour Office has done some good work and it is gratifying to note that by the autumn of 1930 thirty one Draft Conventions had been adopted by International Labour Conferences and there had been over four hundred acts of ratification of these conventions in different countries. At the most it is a good forum for giving international publicity to the grievances of industrial workers.

When discussing differences in labour conditions one must distinguish between the conditions under which labour works and wages which they receive in different countries. It is always easier e.g. to obtain international agreement on the general conditions except

hours and wages which regulate the employment of labour. Thus the International Labour Conference has experienced little difficulty in reaching agreement on conventions prohibiting the night work of women and young persons fixing the minimum age for admission of children to employment in industry agriculture or at sea and providing for the compulsory medical examination of children or young persons under eighteen years of age employed at sea to ensure that they are fit for such work. More complicated attempts at international regulations of working hours and the Washington hours convention for an eight hour day and forty eight hour week in industrial undertakings though passed as early in 1919 has not yet been ratified by any single country of major industrial importance with the exception of India (and that too because of the exceptions provided for India in the convention).

The crux of the problem however lies in the regulation of wages. It is essential that wages should be regulated by international agreement. Otherwise reduced hours provision of social insurance benefits measures for health and safety might do little to prevent unfair international competition based on unsatisfactory labour conditions. Any attempt at regulation however has to face the initial difficulty of defining those two most used terms unduly low and unfair wages. It is pointed out that international differences in wages do not imply similar differences in costs being explained on the ground of differing efficiencies. Thus in a study of the relation between wages and labour costs in cotton spinning in Japan England and the United States Professor Richard found wages in South Carolina are four times and in England three times those in Japan. But the American worker with the equipment and organization furnished him is nearly three times as efficient as the Japanese worker and labour costs per pound of yarn are only about one third greater in America than in Japan. The recent tendency in modern industry firstly of increasing mechanization and secondly of the practice for machinery and methods of manufacture to become similar in different countries have undoubtedly lessened the importance of skill in the human factor and the older established in industrial countries with their high wages and traditional skill are in real danger from the competition particularly in neutral markets of goods manufactured by low paid and unskilled labour working on the most up to date

machinery and engaged in mass production on a gigantic scale. There are undoubted difficulties in the way of international regulation of wages. A scale which would afford some protection against unduly low wages of workers in countries where levels are relatively high would be quite beyond the capacity of countries in which the average standard is considerably lower. On the other hand a minimum scale which would be of real value in countries where wages are relatively low would be so much below the average level in countries with higher standards as to afford no adequate safeguard against underpayment, and the wide wage differences range not only from country to country but also from industry to industry.

The most interesting suggestion in the book is with regard to a solution of this vexed problem. After suggesting a form of wage truce between different industries Prof Richardson suggests an international regulation of wages on a ratio scale. The suggestion is so promising that it is worthwhile giving it in his own words. A type of international minimum wage scale could be established by relating the wages in any industry in different countries according to an agreed ratio. Thus the wages of a selected category of workers might be represented by an index of 100 in Great Britain by an index of 85 in Germany an index of 75 in Czechoslovakia and so on. Wages in the different countries would be fixed in accordance with the agreed indices. This system is similar to that applied in certain countries in national collective agreements which fix wages in different districts according to agreed ratios. Another type of international agreement might however be reached which would make full allowance

for differences in wages in any industry in the different countries by relating wages in the industry in each country to the country's own general level of wages. It might be agreed internationally that wages in a particular industry should not be allowed to fall below a certain percentage of the average level of wages in the chief industries of the country.

The convention might include a definition of unduly low wages, the payment of which should be prevented by each country. There is no doubt whatever that despite the obvious difficulties underlying this solution it is very well worth considering by those who are interested in restoring international concord.

The section on Monetary Stability contains an elaborate analysis of gold stocks and makes a little unreal reading in the light of what has been happening in the monetary world since September 1931.

Prof Richardson's work is a remarkable contribution towards the understanding of a problem long in need of explanation. His style is quiet and clear and his logic well sustained throughout the work. The reviewer has no hesitation in recommending the book. Who would fail to understand the great problem of international conflict and would like to conclude with an extract from Prof Richardson's final conclusion. A comprehensive programme of economic disarmament based on recognition of the economic unity of the world would increase the general prosperity of all peoples. It would make a contribution to world peace by widening the basis of human relationship and by preparing the foundations for a political system which would co-ordinate national with world citizenship.

Indians felt that after a hundred and fifty years of British rule the masses remained poor, ignorant, exploited. Capitalism, land lordism and money lenders flourished, untouchability and the subjection of women continued and the British must take the responsibility because they had denied responsibility to others. It was this delay in giving responsibility which was the real indictment of the British. It constituted a powerful offset to the material benefit they had given India. For every evil which flourished unchecked we must take the responsibility because we have been the depositories of power. The idea that Indians must always be ruled for their own good by a lonely white man is a Victorian sentimentality.

MAJOR C. R. ATTLEE

The High Commissioner for India in London has placed a contract with the Marconi Company for the supply and erection of a 20 kilowatt broadcasting station at Delhi. This is the first step towards the accomplishment of the Indian Government's policy of extending broadcasting in India announced by the Viceroy in August last year. Work on the manufacture of the equipment for the Delhi station is to begin immediately at the Marconi Works, Chelmsford. The transmitter will be of advanced design incorporating the most modern developments of broadcasting technique and with its unmodulated aerial energy of 20 kilowatts it will be several times more powerful than any broadcasting station previously erected in India.

Cartelization of Industry and Commerce.

By Prof V G Kale, MA, Poona

One of the most striking features of the modern form of industrial organization is the development of a system of regulation of production and prices on a large scale and in extensive markets. Though the era of the production of commodities in vast quantities and their world wide sale at cheap prices has been characterized as an age of competition as a matter of fact this phenomenon has been accompanied by what appears as an inevitable concomitant the growing tendency towards monopolist control of industry and prices. The concurrent growth of these apparently mutually incompatible elements of economic organization is paradoxical and the relation between increasing competition and expanding monopoly is often difficult to trace. But the two fold fact is there and has to be satisfactorily explained. And the economic literature that has grown round the theory and the phenomena of cartels and trusts, by no means small. Some thinkers are inclined to hold that these monopolist organizations are purely the product of the past few decades and that there was nothing like them in past history. A few of them go to the length of fixing the birth of the movement in a particular year and in a particular country e.g. Germany. Considerable controversy has raged in economic writings regarding the theory and the practical development of cartels trusts and syndicates. And Dr Roman Piotrowski's book* on this subject is intended to elucidate this whole controversy and to place the theory and the history of cartel-like organizations in the proper perspective. The author is by the bye a young Professor at a Polish University who has made a special study of the subject in London Paris and Berlin.

The main thesis of Dr Piotrowski's learned volume is that monopoly, which finds expression in syndicates and cartels is a phenomenon as old as antiquity itself that what appears to be new and modern may be shape and size and that monopoly is bound to arise wherever competition predominates. Monopoly is in his opinion as inevitable as competition itself and the best course to follow to combat it is to attempt to regulate it

instead of making futile efforts to destroy it. As may be expected the bulk of the volume under review is occupied with a detailed and learned history of monopolist organization in the leading countries of the world from very remote times. Kautilya's *Artha sastra* is quoted to show how in India during centuries before Christ regulations prevailed

prohibiting artisans and merchants under penalty of heavy fines from making collective agreements to influence the natural market prices of goods by withholding them from trade or in any other way. In chapter after chapter the author follows up the trend of economic organization based on monopoly of one kind or another in several countries and of the legislation that was attempted to defeat or restrict its anti-social effects. He sharply differs from Kleinwachter Schonlank Liefmann Pantaleon Grunzal and others in holding as against them that there is no break in the monopoly movement in the Middle Ages and later centuries and that cartels are not solely the product of the economic conditions of the closing decades of the last century.

It is enough here to commend to the careful attention of the reader the well documented introductory chapter of Dr Piotrowski's book where the different theories and attitudes of prominent writers who have dealt with the subject of cartels and trusts have been clearly stated and vigorously commented on. The position which the author takes up will be evident from the following extract from his lengthy introduction — I am deeply convinced that not one in a hundred of the various theories questioning the monopolistic character of some or even all combinations of entrepreneurs that regulate production or sale would exist had their study not been confined to their present forms and had they not been treated as a German American or other specific and if in the first place the history of those combinations had been considered. For history shows with classical clearness that analogous unions of producers and merchants regulating production and sale were known not only previous to 1843 but for whole ages before Christ and as a negation of the principle of free competition were always monopolistic. The form and the technique of the monopoly change but the essence remains the same under modern conditions. To deny monopoly in cartels is to fight over words

**Cartels and Trusts—Their Origin and Historical Development from the Economic and Legal Aspects* by Dr Roman Piotrowski London George Allen & Unwin Ltd 15s net

Industrial Finance in the U.P.—I.

By Krishna Kumar Sharma, M.A., B.Com.

The industries in the United Provinces may be divided into three categories—major organised industries carried on in big factories utilizing mechanical power on a large scale, minor industries carried on in small factories and cottage industries generally carried on in the homes of the artisans. The latter are also occasionally carried on in factories run by small industrialists of the entrepreneur type, where power-driven machinery is seldom used.

The most important major industries are textiles, sugar, oil, glass and leather industries. Among other major industries may also be mentioned a match factory, a paper mill and a factory for manufacturing sulphuric and nitric acids while there are also a number of flour mills.

There is not much difference between minor and cottage industries and their main problems and the modes of state aid differ in degree and not in kind. The difficulties of the cottage industries are more acute and their solutions are more difficult and expensive to the state. The important minor industries are open pan sugar factories, engineering oils and soaps, hardware and electroplating, gold and silver thread, wood work, fountain pens, textiles, etc. In the past there has been no definite programme to help them on the part of the government except the provision of training and research work to a certain extent. The government can help such industries by providing expert advice and commercial intelligence by carrying on experimental work at state expense and by providing financial accommodation for marketing their products.

The main cottage industries are brass wares, gold and silver brocade and embroidery, artistic wood work, pottery, jewellery and gold and silver wares, textiles, leather making, etc. A number of industrial schools have been established to improve the designs, the technique and hereditary methods of work of the artisans. The Industrial Reorganization Committee in this connection remarks: 'Their actual achievements have, however, not come up to expectation; they have rarely risen above in effectual efforts to impart practical instruction mostly to non-artisan boys. The Emporium has helped in the marketing of the artistic products of cottage industries to the extent of about Rs. 25,000 to Rs. 30,000 a year; it has, however, touched only a fringe of the problem.

(Page 22 of the Report.) The greatest needs of the cottage workers are help and guidance regarding marketing and production and the provision of guidance.

The Department of Industries must maintain a number of experts each responsible for the intensive development of a particular major industry. Each expert should study problems connected with research and marketing. He should watch markets, maintain live contact with trade and should advise prospective industrialists regarding the location of factories, the size and type of plant needed, etc. A few major industries like sugar may be selected for such intensive development. It may also be possible for these experts to advise the proposed Industrial Corporation regarding the financing of a particular industrial concern.

An important duty of such experts should be to collect technical, industrial and commercial information regarding the industry in his charge and to pass it on to those engaged in the industry. The sources of raw materials, the names of makers of machinery, a study of markets, etc., should be the functions of such experts and there should be an Industrial Council with advisory functions to advise the Department or the Government regarding the industrial surveys which if undertaken along scientific lines are bound to be of immense help in the rehabilitation of the Province.

FINANCE

The question of finance for all classes of industries in the U.P. is of considerable importance. In India there is a feeling in some quarters that lack of financial accommodation is an important factor hampering the industrial development of the country. The various handicaps to and causes of the lack of finance as mentioned on pages 269 to 274 of the Report of the Indian Banking Committee are as below:—

(1) Banks in India do not provide finance for block capital. The Imperial Bank of India being prohibited by its constitution to give loans to industrial concerns for capital expenditure, by the limitation of 12 months on the period of loans that may be granted by it and by a prohibition against lending money on the security of industrial shares or immovable property. Even as regards the floating capital secured by liquid assets the banks insist on a 30 per cent margin.

(2) Usually banks insist on a full backing of easily realizable security for their loans and take no account of the personal credit and integrity of the borrowers. This is in striking contrast to the position in England as shown by the following quotation from Walter Leaf's book on Banking — We have had some figures taken out and I confess they were something of a nonplus to me. They refer of course to the loans we make for our current business purposes. They show that of the total number of borrowers no less than 28 per cent had their loans wholly unsecured and a further 13 per cent gave only partial security. A further perusal of pages 170 and 171 shows that this practice is generally followed in England.

(3) The insistence of 30 per cent margin on advances against stocks and a still higher percentage on advances against stocks in the process of manufacture is a still further handicap.

(4) The banks are also ill equipped for valuing the assets of industrial concerns and for judging the profitability and solvency of the concern. The views of the Bombay Banking Committee in this respect have been referred to on page 271 of the *Report of the Indian Banking Committee*.

(5) The industrial concerns are not sure of the renewal of loans to them.

(6) Complaints regarding racial discrimination on the part of the officers of the Imperial Bank of India when considering applications for credit have been alluded to in the *Report of the Banking Committee* but it is difficult to say how far they are correct.

(7) The rates of interest are generally higher than the industrial concerns can bear the usual rate of interest on bank loans being the Imperial Bank's rate and in some cases one or two per cent higher.

These facts may also be applying to conditions in the U P and the U P Industrial Reorganization Committee in paragraph 111 of their Report write about the necessity of loans for big industries as below — We do not accept the view that they (big industries) do not stand in need of financial assistance and can get all they require from the existing banks.

It is thus clear that the existing facilities for finance supplied by banks for the various industries in the U P are inadequate. The government also finances the requirements of industries on the advice of the Board of Loan Commissioners. This method has not been successful according to the findings of the

U P Industrial Reorganization Committee and on page 64 of their Report they write that the Board of Loan Commissioners should be abolished. The larger loans have been unsuccessful for the following reasons —

(1) The government does not possess banking experts and considerations other than those of pure banking have to be taken account of in granting loans for industrial purposes.

(2) The Board of Loan Commissioners works under certain difficulties and disabilities. It cannot thoroughly examine applications for loans and has generally to depend almost entirely on the reports submitted to it by a staff untrained for the purpose.

(3) Only the industrialists apply for loans who cannot get them from banks because the publicity given and the detailed enquiries by subordinate officials often put off industrialists while they get tired of the delays that occur. The applicants in many cases refused the loans after they were sanctioned because of the arrangements that had already been made.

(4) Many applications had to be rejected by the Board because many applicants regard state loans more as grants than as financial transactions which fact has not added to the popularity of this system of giving loans.

The methods of financing cottage industries in the province are far from satisfactory. Generally a number of middlemen intervene and finance such industries. The following chain of middlemen can be observed in the province.

(1) The consumer supplies the material to the artisan and the latter is paid on piece wage system.

(2) Itinerant middlemen supply cash or raw materials to the artisans and obtain finished products from the latter. Most of the cottage industries are conducted on this system.

(3) In some cases the artisan works in a *Karkhana* and is supplied with tools and raw materials by a master artisan while the latter may be dependent on the middlemen or the large dealer or may be his own financier dealing with the public directly. This system is found in shoe making, artistic pottery, wood carving and silk and carpet or blanket weaving.

(4) The *Karkhanadar* may not have risen from the artisan class but may be a mere capitalist investing his savings in his business as a furniture dealer in Bareilly.

(5) The *Karkhanadar* may be a contractor or sub employer dependent upon the large dealer. The latter supply raw materials and

collect the goods manufactured by the former with the labour of artisans. This system prevails in the *gota* the lace, the gold and silver wire industries in Lucknow and Agra, in the silk weaving industry in Benares in the Durrie weaving of Agra etc.

(6) In some cases the dealer supplies raw materials to the various branches of the industry without the intervention of the *Kar* *Klanadai* finances and co-ordinates the various processes from beginning to end and disposes of the wares. This system is found in certain metal industries.

The government also grants help to such industries and the following table shows the grants in aid sanctioned by the Board of Industries the first six items in 1932-33 and the last two in 1933-34 —

	Rs
To the Eastern Electric Works Cawnpore	5,000
To the Swadeshi Lace Factory Lucknow	3,500
To the Pearl Products Co., Cawnpore	3,000
To the Indian Biological House Allahabad	1,000
For experimentation for the benefit of the potter of Khurja	11,572
To the Benares Industrial and Trade Association	300
To Babu Ram Mishra of Farrukhabad	300
To Dr. Dubey for glass experimentation	5,000
TOTAL	2,472

Co-operative societies also provide finance for cottage industries but no statistics are available on this point either in the Annual Report on the Working of Co-operative Societies or in the Reports issued by the Department of Industries. The total number of non-agricultural societies their working capital and the usual rate of interest on June 30, 1937 in the U. P. are given below —

No. of societies (limited)	Working capital Rs	Usual rate of interest on lendings
70	24,60,318	12½%
219	27,85,747	1½%

It cannot be said how many of them are real peoples banks but taking into view their small capital and high rates of interest it may safely be said that they are not playing any important part in financing the cottage industries in the Province. For Bombay Presidency the total capital of such banks for the same year was about Rs. 31 crores.

Indigenous banks play a very important part in the financing of all classes of industries in the province and as the U. P. Banking Committee remarked they possess wide knowledge and varied experience and the world would be the poorer by their extinction.

INDUSTRIAL FINANCE IN OTHER COUNTRIES

A brief reference to the methods of industrial finance in foreign countries should serve a good guide for us. Special institutions have been established in other countries for financing industries and to help the national management thereof. Even in a country like England with large individual resources with investment habit so ingrained among her people and with a well developed money and capital market specialized institutions for industrial finance have been regarded as necessary.

England—In England industrial enterprise grew independent of any state aid or of specialized industrial banks. It was primarily due to private and individual initiative but the conditions in which that country was industrialized were peculiar. She was singularly free from fierce competition and had begun to enjoy a large national surplus far in excess of the needs of her domestic industry. Owing to the vast expansion of her commerce and entrepot trade the financial mechanism of London had become so perfect that the direction of the fluid resources of the country called for no special measures. On entering a period of large expansion the English industries found an efficient money market. Since that time the conditions in which trade and industry could flourish on a policy of *laissez faire* have not been present in any country including England. In that country also there has been a closer co-operation between finance and industry, secured by a body acting as an advisory and regulating medium between the two. The attitude of unconcern that had been adopted by banks under the regime of *laissez faire* towards the actual internal management of industry in England was a great disadvantage both to banks and to industries. As a result special institutions as the Securities Management Trust and the Bankers' Industrial Development Company were established to devise a closer link between banks and industry.

Germany—In Germany and other countries which industrialized themselves later than England the industrial progress has been largely due to the establishment of special institutions for providing long term credit and other assistance to industrial enterprises. The German banks play a very large part in providing long term capital. They educate and encourage the public in investing their funds in industries and they direct the capital of the investing class towards sound industrial undertakings. The credit banks of Germany gave a prominent place in their programme to

the promotion of joint stock companies. The German investors do not participate in any industrial undertaking before it has been fully launched and they prefer projects in which a leading bank has interested itself. Mr. Whaley's book on Banking, *116* pages 11, 12 and 40 gives enough information on the point. The following passage taken from the same book from page 52 describes the situation aptly—

The banks attend an industrial undertaking from its birth to its death from promotion to liquidation. They stand by its side while it passes through the financial processes of economic life whether usual or unusual, helping it and at the same time profiting from it. Even after the War the German banks have played an important part in financing the long term needs of industries. They have used their foreign connections by intervening as members of foreign syndicates to float new industrial loans on the European and American markets.

Japan—The Industrial Bank of Japan was founded in 1903 to finance Government loans to make advances against Government and semi-government securities and also against other industrial issues. Government control is exercised through the Minister in charge who appoints the controller for supervising the business of the bank. For payment of dividend the approval of the Minister was required. In the beginning the Government guaranteed dividend up to 5 per cent for a period of five years. The Government does not participate in the capital of the Bank and it lends a considerable sum of money at a very low rate of interest. It also guarantees the capital redemption and interest payment of the Industrial Bank of Japan loan bonds if such loans are floated in foreign countries.

Ireland—The Industrial Company of Ireland is performing a very useful function in the industrial development of the country. The Government also has a share in the capital of the concern. It is a suitable medium through which arrangements for long term credits are made.

A study of the facts leads to certain conclusions. Firstly private initiative alone cannot be adequate for industrial finance. Secondly some special institution separate from commercial banks is necessary to infuse a spirit of investment among the public. Thirdly that institution is patronised in some way by the State to enable it to be useful for the industrial development of a country.

PROVINCIAL INDUSTRIAL CORPORATION

What is necessary is the establishment of a Provincial Industrial Corporation with the following functions—

- (i) Granting long term loans to industrial concerns
- (ii) Under writing or subscribing their shares and debentures
- (iii) Taking long term deposits from the public
- (iv) Lending idle funds to industrial concerns by discounting their bills
- (v) Guaranteeing interest on the principal of approved industrial debentures
- (vi) The Corporation can also finance cottage industries through co operative societies

Constitution—The share capital may be about Rs. 50 lakhs in the beginning and if the public do not come forward to purchase the whole of it the Government should make up the deficiency. This method of Government help is better than that the Government should guarantee the dividend or repayment of share capital. As in Japan the payment of dividends should be subject to the sanction of the Finance Minister.

The share capital should be supplemented by debenture capital which should not exceed the outset twice the amount of share capital. If necessary the Government should offer a guarantee of interest on them. This guarantee may be limited to the first issue of debentures for a certain period of currency of the debenture issue. The Government might if necessary purchase the debentures as they have done in some provinces in connection with the Provincial Co operative Banks. Additional resources may also be obtained by long term deposits which should not be for less than two years to avoid competition with joint stock banks. The Corporation should be entitled to be represented on the Directorate of the Corporation during the continuance of their interest but the Government representative should not be invested with the power of veto in the deliberations of the Board. The appointment of the manager should be subject to the approval of the Government. Bye laws should be framed by the Government defining the conditions under which financial facilities may be granted to the industrial concerns to ensure the success of the Corporation. The advisability of giving financial assistance in any particular case should depend on the extent to which the enterprise will be of benefit to the public and will increase the productive power of the province and provide employment for its people.

Indian Economic Life: Past Trends and Future Prospects—I.

By Sir George Schuster, KCSI, KCMG, CBE, MC,

Late Finance Member of the Executive Council of the Viceroy of India

I conceive it to be the duty of one who is honoured by the request of the Royal Society of Arts to speak on this occasion to make sure that he is himself in harmony with the spirit of that great man in whose memory this annual lecture was inaugurated.¹ And as I have chosen to speak on a materialistic subject—the economic life of India—this testing of oneself is all the more necessary. For I think it is true to say that a distinctive note of Sir George Birdwood's creed and character was his dissent from those who place too high a value on mere material benefit. In one of the earlier lectures of this series this point was well brought out by Sir Edward Gigg when he reminded his audience how Sir George Birdwood felt it to be the chief error of the English that they do not sufficiently distinguish between the prosperity of a country and the felicity of its inhabitants and quoted his words: "That men do not live by bread alone is one of the truest facts of life in India absolutely hidden from our eyes."

If there are any who feel critical of my choice of subject to day I would wish to disarm their criticism at once by saying that I greatly sympathise with Sir George Birdwood's view, and I hope to establish this in my treatment of the subject.

Now there are two quite separate ideas contained in the views and words which I have just quoted. First that mere material wealth is not what matters most; and secondly, that statistics proving the wealth of a country as a whole do not necessarily demonstrate the well being of the masses of its population. On the first of these I need say little—it is so familiar an idea. While we all accept it I am sure that Sir George Birdwood would have agreed that a certain minimum standard of material equipment—of *εκ-ος Χορηγία* as Aristotle put it—is while not an end in itself a necessary condition of true happiness; and that the general standard of living in India falls so far below that minimum that there can be no question that it is the duty of any Government in India to strive to raise it. Let me not be thought to belittle what has

been done in the past. The dangers of special bouts of intense suffering such as were caused by famines have been eliminated by the material equipment which the British Government has given to India—communications and irrigation schemes—and by the perfection of administrative machinery, strengthened by the preservation of the authority and credit of the Government. The organization of speedy relief to those afflicted by the terrible earthquake in 1933 was a recent demonstration of achievement in this respect. But although an insurance against these special dangers has been created new dangers have as I shall later show been imported while so far as the ordinary standards are concerned no one who has used his eyes in India—who has seen the mean equipment in the country side with its miserably insufficient diet or visited the workmen's chawls in a big industrial city like Bombay can doubt for a moment that there is a vast practical task still to be done in providing the barest minimum standard of material well being necessary for a reasonably happy human life. I do not wish to exaggerate this or to suggest that the masses in India even though they are so poor are necessarily more unhappy than in the rest of the world. I believe in fact that even as things are more absolute and intense human misery prevails among parts of the population in highly industrialised countries which have suddenly lost all chance of employment owing to the economic crisis which has cut away the foundations on which their life depended. The very simplicity of Indian life and its less materialistic background have saved the people some of the misery which has fallen on other countries. But whatever may be the truth of such comparisons there can be no doubt that there is immense need for improving the standard of living for the masses of the Indian people—a need which must be admitted even by those who do not take an entirely materialistic view of life.

Now I want to turn to the other idea that figures demonstrating the wealth of a nation as a whole do not necessarily demonstrate the well being of the individuals comprising the masses of its population. This again may be regarded as a true and well worn idea.

¹ Paper read before the Society of Arts, London, on March 8, 1933, communicated by the Secretary to the Society.

But it is an idea of immense significance to-day, and I make no apology for dwelling upon it—and, indeed, for making it the keynote of all that I have to say. It may be an elementary idea, but its incorporation in mass psychology and in the policies of governments is one of the most significant features in the present world. That is the essential significance of the great wave of popular feeling which is now sweeping over the United States of America, and which is being interpreted in practical policy by the President which it has swept into power. It signifies an insistence that the human side, the human effects of economic processes and policy, are what matter—that not the production of wealth, but its distribution is the more important aspect of the problems that to-day confront us all. A very wise man—Francis Bacon—writing more than three hundred years ago used these words: 'Above all things, good policy is to be used that the treasure and moneys in a state be not gathered into a few hands. For otherwise a state may have great stock and yet starve. And money is like muck, not good except it be spread.' How true these words ring to-day!

It is difficult to resist the temptation of being led further along the path of investigating all these modern tendencies and how they are at work in various countries—of examining this problem of the distribution of wealth and of how it is to be solved without destroying the machinery of production or the human motives which provide the power to drive that machinery—for it is often forgotten that one cannot cut up a cake that is not made. But I must resist that temptation and relate what I have to say to the special case of India. And, as to India, I may give the essential keynote of the views which I shall try to develop this afternoon by saying that there is a great need for policies which will increase the material wealth of India, but that these will be valueless unless they also secure the proper distribution of that wealth, and that the greatest need of all is to raise the standard of living of the masses of the people.

In the title given to my subject I have indicated that I intended to make some review of the past. To one who has been closely associated with the economic problems of the present, it is a fascinating study to look back over the records of Indian commerce and finance to see what were the main features in the trade returns and public budgets of the last 120 years, to trace the development after 1857, when the British Government officially took over the administration of India, to

examine the effects of the opening of the Suez canal, the results of the development of transport, the great advances that were made just before the War, the consequences of the War, and then the violent post-war oscillations—and, lastly, the unparalleled collapse in world prices and the instability of currencies which signalled the crisis of 1929 from the results of which we are just beginning—slowly and painfully—to struggle upwards.

But I am afraid it is impossible in a lecture of this kind to trace out the course of these changes in detail, for I should become involved in a mass of figures which cannot be followed except in graphic representation and the recital of which would weary you beyond the point of reasonable endurance. But I may perhaps venture to select a few samples of trade figures at various periods which will illustrate the great variations. Thus for example, in 1849 India's exports of merchandise were worth only £16 millions and in this small total the main components were—

Opium	36	per cent of the whole
Indigo	13	per cent
Sugar and candy	11½	per cent
Cotton	11	per cent
Silk	6½	per cent

Cotton alone out of all this list survives to-day as an important export. The rest, which in 1849 made up nearly 70 per cent of the total, have dropped out practically altogether. Another interesting point about the 1849 figures is the destination of the exports. The United Kingdom took 42 per cent and China no less than 40 per cent. As an illustration of the importance of China it is interesting to note that even as late as 1865 the Statistical Abstract for India records trade with China (including Japan). How things are changed to-day! Let us jump forward a generation and take another sample in 1872. The total exports of merchandise had by then increased to £63 millions. Cotton, at just over one-third of this total had become the largest export. Sugar and silk had ceased to be appreciable items, but indigo still remained an important element at 6½ per cent of the total, while opium exports had increased to £12½ millions sterling in value and represented 21 per cent of the total exports. Meanwhile new important items had come in—grain at 8 per cent of the total, jute raw and

* Some notes and graphs which may be of interest are given in Appendix I. Reference may also be made to *The Economic Development of India*, by Mrs. Vera Anstey (Longmans), and to *India's Foreign Trade Since 1870*, by Dr. Parimal Ray (to which my attention was called after compiling my own lecture).

manufactured 7 per cent seeds $4\frac{1}{2}$ per cent hides and skins 4 per cent tea 2½ per cent

Let us now move forward to the period just before the War—taking a five year average from 1909-14. Great changes had again occurred. The total exports had gone up to £146½ millions. The most important head of exports had now become that of grain pulse and flour at £30½ millions this being made of—rice about £17 millions wheat about £9½ millions and other grains about £4 millions. Jute raw and manufactured had become the next most important head at £28.3 millions. Raw cotton still remained very important at £22.2 millions though it represented a smaller percentage than formerly of the total exports. Next came seeds at £16½ millions. Hides and skins raw and tanned at £9½ millions tea £8½ millions and a new entry into the list of important items cotton manufactures (which in fact was mainly yarn) about £8 millions. Opium at £6½ millions still remained an important item but it had become barely 4 per cent of the exports in total of 36 per cent as in 1849.

I will pass over the years of what we must now regard as abnormal trade and prices which followed the War—though one must remark in passing that for the five years from 1924-29 the total value of exports actually averaged as much as £26½ million and that in the peak year 1927-28 the value of jute exports alone went up to £42½ millions and of raw cotton to £1½ million—and come to 1933-34 the last year for which full figures are available and which may be regarded as fairly typical of present world conditions. Here we find some further striking changes in comparison with the pre war period. The figure for the group of grain pulse and flour which as already noted was the highest item in the pre war list at £30½ millions has dropped far down and is only £8½ million. The main reason for this is that wheat has practically disappeared from the list whereas the pre war average exports were 1,300,000 tons valued at about £9½ millions. Rice too has fallen heavily from a pre war level of 2,440,000 tons valued at about £17 millions to 1,741,000 tons valued at about £8 millions. The next big change was in seeds from £16½ millions to £10½ millions which is accounted for by heavy falls both in quantity and value for rapeseed, sesamum, castor, cottonseed and copra, a fall in value but not in quantity for linseed and lastly as a balancing item an increase in value and an almost trebling in quantity of the exports of groundnuts. There was also a heavy fall in hides and skin while opium for which the pre war value

was £6½ millions has practically disappeared from the list. Jute exports kept up fairly well the values being £24½ millions as compared with £28½ millions thus covering an increase both in quantity and value for jute manufactures and an increase in quantity with a fall in value for raw jute. Raw cotton also kept up fairly well the quantity being 489,000 as compared with 430,000 tons and the value being about £20 millions as compared with £22½ millions. Then there is one important article of export tea which showed an increase both in quantity from 266 to 318 million lb. and in value from £9½ millions to nearly £15 millions. This incidentally is a case where India is greatly helped by her preferential position in the British market. Lastly I must mention an item of special significance. The exports of cotton manufactures which at about £8 millions had as I have already noted been an important item in the pre war exports fell to about £2 millions and this fall represents the practical disappearance of yarn exports for piece goods exports actually increased. This indicates a move in one important field towards Indian self-sufficiency for the decrease in exports of yarn is accounted for by greater consumption in the Indian cloth mills.

I hope that I have not wearied you with figures. In quoting them I have had a special purpose which will become apparent before I have done but in order to complete the picture I must also give a very brief review of Indian import trade.

Here I need not trace developments with such elaboration or over so long a period because the really significant developments are simple and have occurred mainly during the latest phase. From 1849 up to the War one can trace a fairly even and steady increase in India's imports of merchandise supplemented by a wide margin of imports of treasure (gold and silver) the worth of which varied according to the value of exports of merchandise that is to say the dealings in treasure have acted as a sort of cushion and tended to keep the level of imports of merchandise subject to less violent fluctuations than the exports. The steady increase of imports under all heads of manufactured goods throughout the long period from 1849 to 1914 was accompanied by a growth in India's own industrial production—especially of cotton goods—and this double growth was made possible by the continuous expansion of consumption. By far the biggest head of import throughout was cotton piece goods which jumped from £3 millions in 1849 to £17½ millions in 1872 and

that it would be extremely unwise to allow this experience to justify an easy optimism or a lack of constructive policy for the future. Now, I fully realize that to those who are in close touch with Indian conditions and who realize the great fall in purchasing power which Indian cultivators have suffered in the last few years it may seem a very surprising thing to say that India has been comparatively fortunate. I must therefore explain what I mean. In the first place I would remind you that I am speaking with reference to a very broad review, going right back to the middle of last century. We must guard against having our sense of proportion upset by the cataclysmic changes since 1929 and must I fear definitely realize that the level of prices and trade during the years from 1924-29 with which we are apt to make comparison was entirely abnormal. Now if we take the developments up to 1914 we find from the brief review which I have just given that among the items of export which figured largely in the earlier years indigo was the only clear case where India lost an outlet for an important product solely because of external changes—in this case the discovery of synthetic dyes. Silk and sugar which were important in 1849 dropped out but only because India increased her own consumption. The loss of the indigo trade caused a good deal of suffering at the time but these effects were soon swept away in the rising tide of business in grains, jute, cotton and tea. Then what do we find in comparing the pre-war quinquennium—which represented a time of great advance in India with conditions to-day? *Opium* has gone but that is the result not of external changes but of the Government of India's own humanistic policy. *Wheat* has gone—and the case of wheat is highly instructive. Primarily India dropped out of the world market as an important exporter of wheat because she so increased her own consumption—a testimony by the way to improvement in standards of living—that she only had an exportable surplus after the war in real bumper years. But though that has been the primary reason it is useless to ignore that if India again develops a large exportable surplus of wheat—as she well may do when the seven million acres under permanent irrigation from the Sukkur Barrage are in full bearing—she will not in present conditions continue to be able to get back into the world's markets at a price level which would be anything like remunerative to the great mass of wheat cultivator. I shall return to this again but for the present must

continue to describe conditions as regards other crops. *Rice* is another important article where quantities as well as values of exports have dropped heavily since 1914. This is due largely to the development of rice cultivation in other countries and one must recognize that India has herself supplied a contributory cause for this because her policy of making herself self-supporting as regards sugar has dealt a very heavy blow to Java and forced Java to adopt rice cultivation as a substitute for sugar. Turning to the other main heading *cotton and seed* I have already shown that the only serious fall in quantities exported compared with the pre-war quinquennium has been in certain classes of seeds, while this fall has, as a matter of fact, been partially off set by a very large increase in the case of groundnuts. So far as jute and cotton are concerned India was still able in 1933-34 to find markets for substantially larger quantities than before the war. It is true that there has been a heavy fall in values compared even with the pre-war level and I should be the last to suggest that Indian cultivators have not suffered greatly from the painful readjustments which they have had to make but there has been no fundamental disturbance in the whole economy of the countryside such as has been suffered by Java owing to her preponderant reliance on her sugar industry or by Chile with her loss of her nitrate market nor has India been forced to expedients like burning coffee in Brazil.

But if I have insisted on India's comparative good fortune in the past it is mainly because I want to draw the lesson that no automatic continuance of this can be reckoned on in the future. And this brings me to one of the chief practical points on which I want to raise questions and stimulate thought. It seems to me that there are reasons for thinking that we may have to alter all our conceptions as regards the development of countries like India which are mainly agricultural and which throughout the nineteenth and the first part of the twentieth centuries have based their expanding prosperity mainly on increasing their production of primary products largely for export. We may have reached a definite point of change. Up till this point world demand had been in almost every category continuously expanding and this condition justified the policy—or perhaps one should rather say lack of policy—of those who encouraged wholesale development of primary production without first assuring themselves that markets would be found for the products. We have

all of us been familiar with the old saying that the man who made two blades of grass grow where one grew before could look back on a life of real achievement but now we live in times when this is not so clear, and when so called "over production" is the chief problem in men's minds. Is this phenomenon merely a temporary phase, or are fundamental and permanent factors at work?

Now I recognize that the present depression may in some respects be regarded as abnormal so that expectations of some recovery may be justified. I also feel very strongly that in a world where an enormous part of the population of all countries are not even adequately fed, and much less adequately supplied with all the other equipment of life it is ridiculous to talk of over production and that the efforts of all statesmen ought to be concentrated on opening the channels for an increase of consumption. I also recognize that there have at various stages of the world's past history, been occasions when economic thinkers have said 'We have reached a point of saturation' and have made prophecies of slower progress in the future which have proved wrong. The literature of the period of depression after the Napoleonic Wars for example, is full of such gloomy appreciations which fortunately have been falsified. Therefore I make the observations which follow with a due sense that they may be and indeed that they ought to be, proved wrong. Nevertheless, in framing a practical policy, at least in the next few years it would be mere blindness to ignore them for there are certain factors at work which unless they are counteracted in some way which cannot at present be foreseen may alter the whole process of expansion of trade in primary products and especially foodstuffs—what was the characteristic of the period from say, 1850-1914.

Let me try to summarise the main factors as I see them.

In the first place there is the present tendency of economic nationalism which is emphasized in every disquisition published to day on the economic position of the world. India has been apt to look on this from her own point of view—to feel that it is she that has to gain from this tendency by taking advantage of her own vast potentialities for industrial development, and that the main loss will fall on the older industrialized countries that have relied on the markets of primary producers like herself as an outlet for their manufactured goods. But the case is not so one-sided as this. Other countries can play

the same game to India's detriment. Thus, to take one example, all the countries of continental Europe have, in the last few years, adopted artificial policies for encouraging their own wheat production, with very unpleasant results to the main wheat exporting countries, amongst which India used largely to figure and may—as I have already pointed out—wish to figure again. Then to take another example, to which also I have already referred, India having herself adopted a national self-sufficiency policy as regards sugar has robbed Java of a great part of her outlet and forced her into rice cultivation to the detriment of the Indian rice cultivators. Or to take yet a third case, there has in the past years been an intensive campaign notably in South America and Africa but also in Russia, Greece and Spain, for the development of cotton production this development having been stimulated not only by the need for new outlets or these countries themselves but also by the need of the great cotton consuming countries to be less dependent on the United States as a supplier, because of the difficulty of effecting payments to a country which has become a debtor and offers little chance of payment in goods. This stimulus to cotton growing in other countries has brought new competition into India's export markets.

But apart from these changed conditions resulting from national economic policies in various countries there is another change going on in the world which taking a more distant view may fundamentally alter the Indian position—and indeed the whole relation between the primary producing countries on the one side and the industrial countries on the other. This is the fall in birth rates which is spreading throughout the Western world. To deal with this fully would require a lecture by itself, and if there are any who would wish to follow up this matter further I would refer them to a study by Mr A. C. Leybourne in the *Sociological Review* for April 1934.² Let me take Great Britain as an illustration. Here we find that, although for the next year or two the aggregate population will increase it is already practically certain that it will start before long to decline appreciably, because the gross reproduction rate and still more the net rate, is already below unity—that is to say the births at the present rate are not

² An interesting tabular forecast of the future population of Great Britain is given in Appendix II.

reproducing the existing population. Forecasts of course may be upset by a marked increase in the birth rate but this increase must be early and large to prevent a decline. Based on a continuance of present conditions the forecast is that from 1936 the aggregate population of Great Britain will begin to decline and that it will have been reduced from over 46 millions in 1930 to under 33 millions by 1976 and more remarkable still that the numbers below 15 years of age will have been reduced from about 32 millions to 16 millions. Great Britain is not alone in this tendency. The net reproduction rates of Germany, France and Sweden have already for some years been below unity and it is fairly clear that all European countries in spite of intensive counter-campaigns such as are being conducted in Italy for example are moving towards that position. In marked contrast to this the population of India is increasing steadily and as we know from the last census, India added to herself in the ten years from 1921-31 34 millions the equivalent of the whole population of France or Italy.

Now what does this mean from India's point of view? Throughout the period from 1880-1914 as I have tried to point out India was able to go ahead with all sorts of plans for increasing production for the export market without reckoning carefully whether a market would be found. There were of course ups and downs and at sometimes production may have gone too fast for demand, or conditions for particular commodities like indigo changed but broadly speaking the rising tide of general consumption supported by increasing population and improving standards of living in the rest of the world always came along to float the producers' ship off the shoals of temporary maladjustments. Now however for the reasons which I have explained it is hardly safe to count on this to the same extent in the future. It seems in fact that we must take account of the fact that world trade is likely to be in future more subject to artificial control and more static. These conditions must react on India and all countries in a similar position for they can no longer count on the steady expansion in the demand for their products from Great Britain and other industrialized countries. I do not of course ignore that standards may be raised and increase the consumption per head so that there might be an increase even though population is declining but the amount by which the consumption of food and certain primary necessities can be in-

creased must tend to be limited. Improvements in standards of living will express themselves rather in greater consumption of luxuries and the evolution of new needs.

Then there is yet another point to remember in the case of India. In many countries the mechanization of agriculture and improvements in methods have enormously cheapened production and increased the output per head. This applies particularly to wheat. India has hardly kept pace with these developments and her competitive position has certainly not improved.

Now, surely, all these conditions create need for a much more consciously thought-out policy of direction by Governments than was necessary in the past. And on what line ought policy to be directed for India? There are many economists and public men with a nationalist outlook in India to-day who are ready with an answer to this question. They will say to me 'You are telling us what we have always told you—that it is a mistake for India to rely too much on her foreign trade. Let India develop her own industries consuming her own raw material and employing her own people instead of importing manufactured goods. She will thus lose nothing in prosperity and gain greatly in security. It is only by developing her own industries by creating industrial employment to supplement agriculture that there is a hope of raising the standard of life for the masses of India.' I would not, for a moment deny that there is much to be said on economic grounds for industrial development in India nor do I fail to sympathise with nationalist sentiment which resents for example India importing cotton piece-goods when she herself grows the raw cotton provides the market and has masses that need employment. But I do venture to say that the argument is not so obvious nor of such universal applicability that it can be accepted without question in all cases and I also venture to query whether action on these lines can really produce an all-suffering solution for the problem which I have indicated. Also I want to emphasize again the fundamental outlook which I stated at the outset that all these policies should be tested by their effects on the happiness of the masses of individuals that compose the population of India. I hope that none of my friends in India, who may read these words will misjudge me when I raise these queries and say that they are questions which every Indian should put to himself on these matters.

Let us try to test out what this policy a-

self-sufficiency means. What would be the results to the agricultural producer? Could any improved demand in India provide an outlet for the commodities which they are most fitted to produce? Now if there is one article above all others in the case of which it ought to be possible to establish this doctrine of self-sufficiency it is cotton—because it is India's main product, while India herself is the main consumer of cotton goods. What is the position here? India's production of cotton for the last ten years has averaged 5 340 000 bales of 400 lbs. In the last year the Indian mills themselves only consumed 2 150 000 bales of Indian and 2 000 000 bales of imported cotton while handloom weavers etc. were estimated to consume a further 750 000 bales out of the Indian crop. India's home consumption of Indian cotton therefore was 2 900 000 bales against a normal production of 5 340 000. On these figures India needs foreign markets for about 2½ million bales. (In fact her exports over the last ten years have averaged 3 140 000 bales.) Now to take the last year (1933-34) the Indian mills production was 2 945 million yards of cotton cloth while the imports of foreign cloth were 795 million yards. Therefore even if the imported cloth had all been made in India and also all made from Indian cotton—which as a matter of fact is hardly practicable because most of the imported cloth is of a quality which requires longer staple cotton—that would only have added about 27 per cent to the Indian mills production and therefore increased their consumption of cotton by about this percentage say 650 000 bales. So that India would still have to find a market abroad for about 1 850 000 bales of cotton.

In the case of other crops such as jute, oil seeds and tea the absolute need of foreign markets for the surplus now exported is still clearer than in the case of cotton. In fact India cannot herself absorb these surpluses and if she could not sell them abroad millions of cultivators that have now specialised on their production could not turn over to alternative products which would enable them to support life on anything like the present standard—low though that may be.

But it may be said that although the opportunities for profitable agricultural production might be diminished this would be more than offset by the absorption of agriculturists in industry and it is necessary to examine what are the possibilities in that direction.

Let us try to test out what the policy of industrialization as already carried out has actually meant. There are difficulties in doing this because the statistical records necessary for the purpose are sadly incomplete. It is quite certain that there has been a considerable development of manufacturing industry in India in the last few years. In some cases

for example the production of cotton cloth by the Indian mills exact statistics of the recent great increases are available while part from these accurately recorded industries all of us who have lived recently in India have seen evidence of the springing up of all industries of most varied kinds. Yet we have no reliable figures giving the totals at any year of the persons employed in all industries. The census reports used to give figures of this kind but unfortunately the census machinery was not very reliable for its purpose and when we turn to the last report for 1931 we find that an industrial census which was included in the reports for 1911 and 1921 has been omitted altogether.⁴

But in spite of the absence of any reliable general figures of industrial employment we can get sufficient data at least to illustrate the points which I want to bring out by considering the records of the large scale industries like the cotton and jute mills which form by far the most important examples of organized industrial employment—other than employment in the tea gardens. In the case of cotton there has been as I have already told an enormous move towards India coming self-supporting. Imports of cotton piece goods have fallen from a pre-war average of about 2 600 million yards to 7½ million yards while Indian mill production has

⁴ I am afraid that I may be myself blamed for this for I see that one explanation given is the need for economy. I can only say that if I had known that this particular feature would be cut I should have done my best to prevent it. But I suspect that a more cogent reason was that it had been found that the ordinary census machinery was not a satisfactory method for collecting statistics of this kind. If we turn to the more general classification of the census we find that the percentage of the population returned as employed in industry fell from 10.49 in 1921 to 10.38 in 1931. But then we also find that the percentage of those shown as engaged in domestic service has gone up from 1.45 to 2.51 and of those insufficiently described from 3.51 to 6.03 while those employed in agriculture and the production of raw material has gone down from 3.15 to 65.89. A different method has in fact been adopted for classifying dependants and it is clear that we cannot look to the census report as giving reliable data for testing the effect of India's recent industrial development.

increased from about 1,000 million yards to over 3,000 millions (in 1932-33). Yet according to the official figures the actual increase of employment in the mills as between 1913 and 1933 was only about 140,000 (from 260,847 to 411,739). Then again in the case of jute, the figures tell us that there were 80,000 more employed in 1933 than in 1913 (276,810, as compared with 216,288).⁵ These are substantial figures, but in relation to the 353 millions of India, or even in relation to the millions engaged in growing cotton and jute, they are almost insignificant. Quantitatively, the result is but a ripple on the surface of Indian life. And what has the quality of that result been? Let me put some test questions. Can it be said that the 180,000 additional workers in the cotton mills are happier or are even performing a higher human function than they would have been if working in the fields? On the economic plane, has it paid? The consumers of cotton goods are certainly not getting these cheaper, for the Indian industry claims to need 25 per cent to 50 per cent import duties in order to compete with imported goods. Can it be said with certainty that, if the extra purchasing power which the manufacture of these goods would have given to outside manufacturing countries had been available to those other countries for purchasing Indian products, both sides might not be better off? Would not India, on this hypothesis, have been able to find more buyers for those products which she is specially fitted to produce and would not even her cotton growers have found a bigger outlet because at a cheaper level there would have been a greater sale of cotton goods? These are provocative questions and I am not dogmatizing on the answers to them. I would not even venture myself to give a final answer, nor do I dissent from the view that in the actual conditions the policy which has been *actually adopted as regards cotton goods was inevitable*. But I do say that questions like these ought to be asked by the Indian public, that they ought to be clear on these points before they go further in the direction of protection and self-sufficiency, and that the practical workings of the protective schemes already adopted should be examined as test cases most carefully for the guidance of future policy. Above all I maintain that, in judging

the issues what should weigh most should be the well-being of the masses of the people rather than the wealth of a few. As to this last point, I must confess that the thing which has always worried me most about all this protection policy is not so much whether it is *economically the absolutely best course*, but whether the *way* in which industrialization is being carried out may not be doing grave harm to India by stimulating the creation of huge urban industrial concentrations on Western lines, with all their evils of bad health and overcrowding. To continue my personal confessions, I always felt that our policy as regards protecting the sugar manufacturing industry, although, perhaps, on purely economic grounds it was the most liable to criticism, yet had this advantage, that it created new outlets for the industry of the rural population in increasing the market for cane and also that, so far as factories are established, these have to be spread about the countryside.

But I am anticipating observations which I shall have to make at a later stage, and I must return to my main theme and attempt to pull together the various lines of thought which I have started. It may be felt, perhaps, that I have painted a very dismal picture. I have maintained that, if India were to lose her main export markets, this would bring disaster to millions of her cultivators and I have suggested reasons both for fearing that in the future she will be unable to count on her external outlets expanding in the same way as has been the case in the past, and also for anticipating difficulties in maintaining even those export markets which she now has. Lastly, I have suggested that the development of industries can offer no adequate substitutes of employment for those who might lose their profitable employment in agriculture if exports of agricultural products *were substantially reduced, and that even those who are absorbed in industry may find their lot not better but worse than what they have hitherto experienced as cultivators of the soil*.

But the recognition of these risks and difficulties by no means necessarily invites a pessimistic conclusion. On the contrary, if they are recognized they may be avoided.

⁵ Or take another industry, in which India has recently made herself quite self-supporting the manufacture of matches. The numbers employed are counted in thousands, and not in hundreds of thousands.

Canada, one of the naturally richest countries in the world is witnessing Poverty in the midst of Plenty. One tenth of the total population of Canada is subservient to a dole—*The Silver Association of Canada*

Unemployment in India.

By Dr D L Dubey, M A, Ph D (Lond),

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Unemployment is essentially an economic phenomenon which requires economic resources for its tackling. The evil is pregnant with dangerous possibilities for the breakdown of the social structure. It generates a spirit of fatalism, lowers the standard of living, tends to demoralise our young men acts as a drag on those already employed and encourages favouritism, jobbery and corruption in the recruitment of further services. The growing out of work conditions for our young intelligentsia must mean a serious social menace and a decrease in social efficiency unless some remedial measures are promptly adopted by the community in collaboration with the State, with a view to stop, at any rate to mitigate, this evil. I have never cared to collect unemployment statistics, but I frequently come in contact with dozens of unemployed M A's and B A's as well as those who have passed the Intermediate, High School, Vernacular Final and other examinations. If the outturn of our schools can serve as an index to the growing conditions of unemployment, I may state that when I appeared as a candidate at the S L C examination 19 years ago (in 1916), there were about 2,000 candidates in all, whereas this year the Secretary of the Board of High School and Intermediate Examinations announces a rise to 12,000 candidates for the High School examination. The contrast provided by these figures becomes all the more glaring when we take into consideration the fact that 20 years ago the U P examination included candidates from Nagpur, Central India and Rajputana as well as a good number from Aligarh and Benares who have now been excluded from the purview of the Allahabad Board. Unemployment is general and not confined to those aspiring to any special posts or entering any particular professions. It is found in rural as well as in urban areas, it is found among those who have received general education as well as among those who have received some sort of professional training. There are several dozen workless lawyers, doctors, engineers, teachers and others within my small range of acquaintances. The educated jobless people could be divided into two groups. (1) Those that are wholly out of work. (2) Those who

can get part time or temporary work, or work that enables them at least to go on.

UNEMPLOYMENT NOT PECULIAR TO INDIA

Unemployment among the educated middle classes is obviously the result of over production in our educational institutions. More schools have opened colleges have increased and universities have multiplied. But the expansion of education and the resulting unemployment conditions are not peculiar to India. It is interesting to recall the fact in this connection that when the Nazis came to power in Germany they were faced with a similar situation and the following paragraph taken from an important British financial weekly describes the crude measures that were adopted by them about this time last year with a view to discourage the increasing unemployment conditions.

OVER PRODUCTION IN GERMAN UNIVERSITIES

"A 'quota' for university graduates is henceforth to be established in Germany. The Ministry of the Interior has laid down that in 1934 only 15,000 scholars will be allowed to qualify for admission to universities and other places of higher education and it further recommended that girls should not receive more than 10% of the limited number of places allotted. At the moment apparently, in the opinion of the Nazi Party, the universities are guilty of gross over production. The number of students rose from 63,000 in 1911 to 123,000 in 1931. Production of educated Germans in fact has increased, and therefore (in accordance with both the principles of planning and with the Nazi philosophy) it ought to be diminished. The quota plan is necessary, we are informed, both in order to enhance the dignity of manual labour and to reduce the excess number of university graduates who cannot find professional posts. A 'practical training' is to be substituted for that education in intellectual attainments which Nazis regard as a discredited 'relic of Liberalism'.

CHECK ON EXPANSION OF EDUCATION NOT DESIRABLE

Frankly, I do not agree with those who advocate the forcible curtailment of facilities for higher education in India. The sons of

middle and upper classes and if possible also of the lower classes must be kept at school or college in their boyhood if only for the sake of getting a training or for character formation. The average product of our universities is far inferior to his compeer of a British university. At schools the boys do not learn much. They cannot generally write 10 pages in coherent language in Hindi, Urdu or English when they come out of their schools. A half baked graduate after some training in business can at least be converted into a serviceable young man able to understand problems and follow instructions. Our school education with its narrow range of training hardly equips the young men for that task. Unless the quality of our school education considerably improves I would not regard overcrowding in colleges and universities as an evil to be warded off at all costs. I confess that owing to the rapid multiplication of colleges and universities, increase of popular element in their administration, absence of proper equipment want of finances, rapid increase of subjects and departments, anxiety of teachers to maintain high percentage of passes in their subjects and jobbery in the award of examinations educational standards have deteriorated to a certain extent in recent years but I think it is a passing phase of the situation but we must strongly resist this tendency.

BUSINESS TRAINING FOR UNIVERSITY MEN

The question of making our young men useful for business activity is very important. In this connection I reproduce a paragraph from an issue of the *Economist* (London). The complaint by employers is often heard that university men have only too general a training for business with little adaptability and less practical economic thinking. The Department of Business Administration at the London School of Economics was established in 1930 with the aim of providing a specialized university training for business. It has the backing of important firms and was set up on their initiative. It is controlled by a committee on which both the business and the academic sides are represented and the National Institute of Industrial Psychology has been associated with the scheme since its inception. Now two years of its academic work have been completed and the results show that the traditional complaint of certain employers bids fair to be unfounded. Its rate as far as those university graduates are concerned who proceed to take the Department's specialized business course of one

academic year after their normal university training. Encouraged by its two years experience, the Department is now embarked upon a new project for bridging the gap between University and business. A number of well known large scale concerns, subscribers to the funds of the Department, are prepared to select graduate candidates approved by the Department, and to offer them definite and promising appointments at salaries fixed in advance if they take, at their own modest expense, the Department's specialized business course for one year. At the same time the Department will carry on its work of preliminary training and from the way in which students who have finished this course have been engaged by firms devious of recruiting trained men this 'normal side of the Department's activities should assume greater proportions. In a kind of liaison headquarters between the university and business the Department's new scheme should meet with success. If its success is no less than that shown in the first two years of the Department's work in other ways the university and the world of business should be encouraged greatly to extend the scope of the system. I think some experiments of a similar character should also be made at one or two important business centres like Calcutta in our province. I would also advocate the institution of short term courses for the training of young men for such lines of activity as the supervision of agricultural farms construction works hydro electric working maintenance of accounts and small industries.

TRAINING IN CAMP LIFE ESSENTIAL

Before I proceed to define the scope for further economic activity in the province I desire to make it unmistakably clear that future opportunities for the employment of young men will mostly arise in our rural areas for which our young men as a class are unfitted. I could say from my experience of a number of young men that they do not generally possess a rural bias nor can they put up with the conditions of rural life. To my mind compulsory physical or military training to our young men is necessary between certain ages. They should be made to lead camp life at least twice a year, when they should move bag and baggage on foot make their own arrangements for stay and be required to cater for all their requirements unaided by any servants. This kind of thing is practised in Germany under very rigid conditions.

EXPANSION OF ECONOMIC ACTIVITIES

Funds permitting we could usefully lay our hands to the expansion of a number of activities such as the development of rural communications, metalling of road, construction of bridges, extension of drainage works, building of warehouses and godowns, urban housing, rural reconstruction work, installation of tubewell, starting of agricultural colonies, preservation of fruits, development of hydro-electric works, exploitation of forest resources, river construction, expansion of co-operative activity, establishment of schools in villages that are still without schools, sales and depots of modern fertilizer and agricultural machinery, laying of produce tramways, agricultural marketing, rural libraries etc. etc. Village reconstruction work alone if taken up earnestly, can absorb many young men including as it does a large number of items such as sanitation, communications, water supply, medical relief, propaganda regarding contagious and cattle diseases, improvement of crops, use of fertilizer, preservation and removal of manure pits, building sites for congested habitations, supply of full adult education, occasional consolidation of holdings, construction of ideal huts etc. etc. I am inclined to think that with better training than what they are able to get, good many of our promising young men could be absorbed in Hindi and Urdu journalism, they could also be taken as private secretaries, estate managers, farm superintendents and a professional writers and preachers for a variety of our social organizations.

MACHINERY ON HIRE PURCHASE

The State must come forward with a bold programme of active assistance to our workless young men even though such a course might involve it in a certain amount of financial risk. Where hydro-electric development is taking place in some parts of the United Provinces, the State could well enable young men to take electric motors on the hire-purchase system on such terms and conditions as may be standardized once for all for the sake of starting such simple operation as flour milling, rice-hulling, bone-milling, oil-pressing, cane-pressing, rag-making, cotton ginning, wood-sawing, hosiery, water-lifting, toddy-chopping, brick-powdering etc. etc. I understand the Japanese Government supplies material to workers on the piece-work system as its own risk. Many small industries could prosper in the country if the risk of finding

out a market for commodities could be shifted on to the shoulders of the State in India as well at any rate for some time to come, at least in the case of a few selected industries that are started under the new arrangement.

FINANCE

Finance is the pivot on which the whole employment machinery moves. Money first, money last, in fact no firm can be done for relieving unemployment without money. All the evidence taken at a memorandum prepared all the recommendations take and all the schemes discussed will be only worth the paper on which they are written unless some one whom is willing to provide finance from some source. Money can be got out of hand (1) private investments, (2) tax-payers' pockets, (3) public loans or (4) a combination of these sources. I have worked out that an expenditure of Rs. 1000 will provide small money to non-educated and another half-educated young man. According to this estimate a crore of rupees can employ 20,00,000 young men and ten crores two lakh young men. Multiplying the figure by the number of months in which bread winner's family in an area of 1000 sq. m. of ten crores of rupees can be helpful in providing livelihood to ten lakhs of persons. There is not much scope for more coming out of any of being raised by means of additional taxation, and private investors should be encouraged by all the possible means, at the command of the Government. But the State will have in any case to raise money by sale of loans. If the Government of India in advance for such advances at a cheap rate interest nothing better to be raised we should give to go our share of the proceeds of the Post Office Savings Banks and the Cash Certificates. A special appeal to the community urging that the funds are being used for the relief of the unemployed will easily attract a large amount of money from the public without much ado. The service of a debt should be provided out of (1) a special contribution from the Government of India, (2) an annual fund periodically created by the Local Government for making contribution to the debt service of these works, (3) existing funds like the Famine Insurance Fund and (4) Road fund and finally (5) the return from remunerative and making and income of interest received on loan and advances.

The above suggestions for the provision of finance by the State do not imply that in every

activity the State should directly take the risk. I think it would be well to set up some sort of a Financing Syndicate or Corporation, run more or less on commercial lines whose losses of working to a certain extent will be borne by the tax payer.

UNEMPLOYMENT RELIEF WORKS

If it is really intended that something substantial should be done with a view to provide increasing opportunities for the absorption of our men we should have a Provincial Development Commissioner of the inexhaustible energy and versatile genius of Mr N C Mehta ICS. He should draw up schemes of expansion as well as have them from others. He should have a representative advisory committee to assist him which should meet periodically. Funds may be voted by the Legislative Council for the activities of the Development Commissioner expenditure being subject to the general supervisory control of the Finance Department. This officer's activities should be free from the red tape routine. If he has approved of a scheme and arranged for its finance he should have complete freedom to choose the most suitable and expeditious machinery for its execution. He may use official machinery or unofficial agencies; he may get things done by municipalities or district boards or by Government departments. The departments of agriculture, co-operation, land revenue, irrigation, public works, forests—all can prove serviceable and helpful to him.

UNEMPLOYMENT BUREAUS

We must have a fair knowledge of the magnitude of the unemployment problem before we actually proceed to determine the steps for its relief. I think in all big towns there should be an unemployment bureau with a non-official secretary and one or two clerks with a view to maintain a full and complete record of the extent of unemployment in their respective areas. These bureaus can connect the employers and the unemployed. If some Government departments are pleased to extend their patronage to the bureaus the latter will have a recognized status and can be helpful in finding work at least for a small percentage of those on the rolls. When the development programme is undertaken the registered unemployed should be gradually given opportunities for work or for receiving training. The bureaus should constantly keep themselves in touch with expanding departments and large-scale and other employers with a view to explore the

venues of employment for their registered unemployed. Such bureaus can be specially helpful in finding out temporary jobs for young men.

MARRIAGE AND UNEMPLOYMENT

Married life accentuates the miseries of unemployment and it proves ruinous to our young men. Many married young men who in a state of single hood, might be willing to accept a low remuneration or be prepared to go to distant places in order to make a start in life, are now deterred from doing so only on account of domestic worries, family attachments and other responsibilities. I strongly feel that every city and town in the country should have its Anti Marriage League with hundreds, nay thousands of young men as members determined not to marry until they are established in life. In many advanced countries in the world marriage has not only come to be regarded as an individual but also a communal affair. Marriage says Bertrand Russell, 'is regulated by law and is regarded as a matter in which the community has a right to interfere.' There are two questions to be asked in regard to any marriage system, first how it affects the development and character of the men and women; secondly what is its influence on the propagation and education of children. Within marriage the expense of children leads to continually greater limitations of families. The limitation is greatest among those who have most sense of parental responsibility and most wish to educate their children well, since it is to them that the expense of children is most severe. The economic motive for limiting families has hitherto probably been the strongest. It is extremely unfortunate that in this late hour of the day, eugenic, social or economic considerations do not in the slightest degree affect the growth of families and the number of marriages in India. A few years ago the Board of High School and Intermediate Education, Allahabad passed some sort of regulation prohibiting married young men from appearing at the Board's High School Examination. I think it is time that the provisions of such a regulation were also extended to candidates preparing for the Vernacular Final and the Intermediate Examinations. In my opinion some sort of preference should be given to unmarried young men in the award of prizes, freships, scholarships, stipends and other concessions usually granted to alumni in their educational institutions.

QUESTIONS OF HIGHER POLICY

There are several questions of broader policy with an intimate bearing on the whole question of the employment of educated Indians. I propose to confine my remarks only to a few of these aspects: (1) Rapid Indianisation of superior civil and military services. (2) Abolition of sinecure offices. (3) Stores purchase policy of the Government. (4) Invitation to foreign firms to open branches in this country in a few non-competitive industries.

RAPID INDIANIZATION OF C & M SERVICES

The slow process of Indianization of administrative, defence, transport and other services involves very great injustice to our promising and talented young men. How long are we to wait for the day when we shall be holding a larger proportion of those services?

ABOLITION OF SINECURE OFFICES

There are many sinecure offices in the existing administrative machinery. I ask a few questions. How many higher posts were abolished in the Government of India when so many functions were transferred from the Central to the Provincial Governments? After the Montfort Reforms? The two pieces of tenancy legislation considerably reduced landlord *versus* tenant litigation in our province. What staff was reduced as a result of those conditions? A huge mileage of roads was transferred from the P.W.D. to the district boards as a result of the recommendations of the Public Works Reorganization Committee. What retrenchment in staff took place as a result thereof? Why can't we abolish Superintendent Engineerships? Why can't we do without Divisional Commissioners if the Madras Presidency can manage without them without loss of efficiency? Abolish a Commissionership and you can employ 60 graduates, do away with a superintendent engineer and you can absorb 40 young Indian engineers. Each Deputy Superintendent of Police and you can find opportunities for the employment of 10 out of work hands. The post-war policy of the Government of burdening the community with more and more taxation simply for the sake of retaining the existing services has been absolutely ruinous and unjustified. I welcome additional taxation if you provide more services to the community. I am dead opposed to it if its object is simply the retention of the existing inert paraphernalia of the costly governmental machinery.

STORES PURCHASE POLICY

The way in which the Government of a country makes purchases of its requirements

exercises a great influence on the development of its industries. A high official of the Mysore Government once told me in England that they had special instructions of their Government to buy all their stores locally if the same were available in the State even though the same were slightly inferior to foreign material. The patronage of the State sometimes maintains very big industries going. To the best of my knowledge the steel industry secured a foothold in the country on account of the State patronage during the war. I remember a few years ago a German firm secured the order of the Indian Government for railway materials instead of a British firm that usually used to get it previously with the result that the latter lost two thirds of its annual custom. I think public bodies in India are the greatest dispensers of patronage even as regards the purchase of material. A change in their policy means more opportunities for work to Indians.

CONCESSIONS TO NEW FOREIGN ENTERPRISES

When a wave of patriotism is running high in the country my next suggestion will sound very fantastic but I must use this opportunity to put it before the public. I strongly feel that a few foreign firms should be granted special concessions with a view to get established in this country. Machinery makers, motor car manufacturers, cycle producers are a few instances in point. These firms should be specially required to employ and train young Indians in the various processes of manufacture. This system will open out a vast vista of opportunities for industrial development and consequent increase in employment conditions for our young men.

PRODUCTION OF WEALTH IN BENGAL

(Continued from page 252)

over what is needed to maintain life. So payment of taxes may ordinarily be expected to be proportional to the available surplus of production over consumption and to population. The Hindus pay at least 80 per cent of taxes and they are 45 per cent of the population therefore—

the available surplus in the case of the Hindus to the available surplus in the case of the Muhammadans

$$\frac{80}{45} \frac{20}{55} = 41 \cdot 9$$

i.e. the available surplus in the hands of the Hindus is about 5 times that in the hands of the Muhammadans.

Production of Wealth in Bengal.

By Jatindra Mohan Datta, M Sc , B.L

The late Sir Pravis Chunder Mitter in his separate note to the Memorandum submitted by the Bengal Government before the Simon Commission estimated the Muhammadans contribution to the provincial revenues at less than 20 per cent of taxes in Bengal. This was in 1928. Sir Nripendra Nath Sircar in his Bengal under the Communal Award and Poona Pact is also of the same view. This was in 1932.

No Muhammadan has challenged the estimates. But they say that the *direct* contribution of the Muhammadans to the state may be 15 per cent or 20 per cent. It is not so with their *indirect* contribution. The Hindu zamindar may pay the land revenue direct to the Government but it is the Muhammadan tenant who produces the agricultural wealth and pays him the rent wherewith he pays the land revenue. So ultimately it is the Muhammadans who pay the land revenue—it may be that they pay indirectly. And as they form 50 per cent of the population their *indirect* contribution to the coffers of the State cannot be less than their population ratio.

In these arguments the Muhammadans concentrate mainly upon agriculture as it is in agriculture mainly that they outnumber the Hindus. They do not take into account the function of the Hindus in the production of wealth. Take for example the payment of income tax. The number of Muhammadan assesses in Bengal is some 12 per cent only and they pay only 3 per cent of the total tax. In earning the income upon which he is assessed the Hindu has to work. Suppose the Muhammadans produce rice in a given region, the Hindu trader goes there, purchases the rice after giving him advances or *adavans* to help him in producing the very rice, transports the same in boats or lorries and retails them. He makes a profit and enjoys it not because the Muhammadan cultivators happen to produce rice and he happens to be the Hindu but because he is enterprising and prudent and employs his brains and capital in short because he works hard in earning the income.

In estimating the relative production of wealth in this way we shall have to appraise and value the different forms in which wealth is produced. The task is a difficult and laborious one and often there may be scope for differences of opinion. This

reminds us of an incident. We were visiting a technical school in Bihar, and met there a Jengali Hindu and a Bengali Muhammadan. The Superintendent to please us asked the boys to manufacture whatever they like best within the time we will be there visiting and inspecting the institution. At the end of our visit we found the various little things produced by the boys. As Bengalees we were naturally interested in what the two Bengalee boys produced in distant Bihar. The Hindu has produced a nice railway key, and stamped it with the initials of the Institute. The Muhammadan has produced a pair of pinchers and stamped it with his *own* initials. We discussed over the matter and found much food for reflection. The market price of the key at that time was Rs 8, as that of the pinchers Rs 2 and pieces of or As 3. The quantity of material used in one was ten times that in the other even in the stamping the Hindu was thankful of the good name of the Institution while the Muhammadan was thinking of himself only. There may be differences of opinion as to the relative merits of these two boys and actually there were.

To avoid all controversies over the relative worth of different species of work we shall assume that there is no difference in the amount and quality of work between a Hindu and a Muhammadan and that all forms of work are of equal worth. The Hindu Acting Chief Justice is doing work of the same value as the Muhammadan convict whom he has sentenced to imprisonment.

In Europe, America and Japan the working age is taken to be between 15 and 60. In Bengal we may also take the same period to be the working age for not only does it tally with common experience but 50 the usual age when one may retire from public services is said to be fixed too early and fixed for the benefit of the Europeans in India whose health deteriorates rapidly in the hot tropics and to whom some latitude should be given to acclimatise themselves to the cold of their homeland in old age after a long sojourn here. The High Court Judge works till he is 60 and in the White Paper the age of retirement has been raised to 62.

Let us now try to ascertain how many Hindus and Muhammadans there are of working age. The age distribution of the

Hindus and the Muhammadan of Bengal in 1931 are given below —

Age Distribution per 10 000 of each sex and class.

Males			Females		
Muslim	Hindu	Age-Period	Muslim	Hindu	
1 098	1 376	0—5	1 066	1 494	
1 471	1 942	5—10	1 407	1 904	
1 264	1 114	10—15	1 077	1 076	
4 333	3 687	0—15	4 380	3 764	
310	361	Over 60	269	404	
4 643	4 043	Non workers or Dependents	4 649	4 168	
5 307	5 90	WORKERS	5 301	5 837	

Now the Muhammadan males form 54.09 per cent of the male population and the Muhammadan females 54.79 per cent of the population. Taking the Hindu to be synonymous with the non Muhammadan which is very near the truth in Bengal we can find out the relative number of Muhammadan and Hindu male and female workers.

The relative proportion of Muhammadan Hindu male workers is $5307 \times 54.09 = 28960$ and $5301 \times 54.79 = 29036$ and that of the female workers $5837 \times 54.09 = 31561$ or $5837 \times 54.79 = 31911$.

Human energy is by common consent fixed at 300 foot tons duty for a man and 200 for a woman. Let us therefore take that the unit of wealth produced by female to be two thirds that produced by male.

Hence the relative units of wealth produced by the Hindus and the Muhammadans stand thus —

Units of Wealth produced by	Hindu	Muhammadan
Males	289 486	289 60
Females	$\frac{2}{3} \times 263 667 = 175 777$	$\frac{2}{3} \times 293 181 = 195 454$
TOTAL	465 263	485 054

Or in other words out of 10 000 units of wealth produced the gross production by the Hindus amount to 49.6 per cent and that by the Muhammadans to 50.4 per cent.

Now Bengal is a poor country. The per capita income in India is the lowest in the world. Perhaps it is decreasing as the following table taken from C. Findlay Simla *Poverty and Rural Economy* Pollen's India goes to show —

Year	Per capita income \$	Year	Per capita income \$
1921	59 0	1926	47 0
1922	42 3	1927	38 8
1923	44 2	1928	40 3
1924	43 7	1929	39 8
1925	48 1	1930	40 3

Average for 5 years 1921-25)	Average for 5 years (1926-30)
46 06	40 24

And thus before the full effect of the present economic depression could make itself felt. The Bengal Provincial Bank Enquiry Committee estimated the average debt per family to be about Rs 1.10. The Census Superintendent 1931 estimate the average indebtedness

year later to have increased to Rs 181 per family. The increase is about 35 per cent.

All this indicates that of the wealth produced almost the whole is consumed in maintaining the mere man using the terms production of wealth and maintenance in a broad and loose sense.

So far as production of wealth is concerned there is difference between a male and a female but so far as consumption is concerned there cannot be any difference. The amount of food required, the amount of clothing required for protection and for modesty, the amount of labour required for erecting a shelter against sun and sun are the same for a man and a woman. Further at certain periods in the life of a woman owing to biological necessities her consumption is greatest at the time when her powers of production happen to be the lowest. But for simplicity's sake we have not made any deductions on this account. So the consumption by a working man may be safely taken to equal to the consumption by a working woman.

Now a few words as regards consumption by dependant. It may be thought that the consumption by the dependants must be small but in reality it cannot be so. A mere infant may not require any clothing, may not require any solid food but it requires additional warmth, it requires additional milk and by making its mother cease work for some time and throwing the household burden on its father and thus compelling them to work less is consuming wealth in another way. Then there is the case of older men and women over 60. They require additional care and protection. Taking everything into consideration the consumption by the dependants cannot be very much less than that of the worker. We shall make our calculations on the two suppositions — (1) that the consumption by a dependant equals that of a worker,

and (2) the consumption by a dependant is three fourths that of a worker

The relative proportion of workers are —

Workers—	Hindu	Muhammadan
Male	273 486	289 60
Female	263 665	293 181

TOTAL 537 151 582 941

Now the relative proportion of the male and female dependants among the Hindus and the Muhammadans are shown below —

Dependants	Hindu	Muhammadan
Male	4 043 x 45 91 = 183 916	4 643 x 54 09 = 251 110
Female	4 168 x 45 21 = 188 430	4 640 x 54 79 = 254 719
TOTAL	372 341	505 859

On the supposition that the consumption of a worker equals that of a dependant the respective consumptions are —

Units of consumption —	Hindu	Muhammadan
Males	537 151	582 941
Females	372 341	505 859
TOTAL	909 502	1 088 800

On the supposition that the consumption of a dependant equals three fourths that of a Worker the respective consumptions are

Units of consumption —	Hindu	Muhammadan
Males	537 151	582 941
Females	$\frac{3}{4} \times 372 341$ = 279 256	$\frac{3}{4} \times 505 859$ = 379 394
TOTAL	816 414	962 335

Or in other words of the total units of wealth produced the Hindus consume 45 47 per cent according to the first supposition or 46 54 per cent according to the second supposition the corresponding percentages for the Muhammadans being 54 53 per cent and 53 46 per cent respectively

It is the surplus of production which remains after consumption of the wealth produced which is the source from which taxes are paid Let us see what surplus remains in the hands of the Hindus and the Muhammadans respectively after consumption The nature of the surplus depends upon the ratio of production to consumption If the ratio = 1 then the workers alone would get sufficient maintenance the dependants would starve Let us tabulate the surpluses for the different ratios of production to consumption

Surplus = Production — Consumption

$$= \text{Unit of production} \times \text{No of workers} - \text{Unit of consumption} \times \text{No of workers} - \text{Unit of consumption} \times \text{No of dependants}$$

$$= p \times w - c \times w - c \times d \quad (1)$$

Let the ratio of production to consumption be n then $p = nc$

The equation (1) becomes

$$\text{Surplus} = ncw - c(w + d) \quad (?)$$

where consumption of a worker = consumption of a dependant, the equation (?) assumes the form

$$\text{Surplus} = ncw - 2cw = cw(n - 2)$$

where consumption of a dependant = $\frac{1}{2}$ that of a worker the equation (2) assumes the form

$$\begin{aligned} \text{Surplus} &= ncw - (cw + \frac{1}{2}w) \\ &= ncw - (cw + \frac{1}{2}w) \\ &= cw(n - 1\frac{1}{2}) \end{aligned}$$

SURPLUS

When 1 dependant = 1 worker

Ratio	Hindu	Muhammadan
$n = 1$	160 293	603 586
1 5	235 608	360 979
2 0	10 976	118 372
2 25	101 340	2 931
2 5	213 655	124 935
3 0	438 287	366 847
4 0	897 500	809 058
5 0	1 336 813	1 337 2 0
10 0	3 583 128	3 763 340

When 1 dependant = $\frac{1}{2}$ worker

	Hindu	Muhammadan
—	367 101	452 121
—	142 570	209 514
—	8 112	33 093
+	194 478	154 396
+	306 743	2 5700
+	531 375	518 307
+	930 638	1 003 571
+	1 429 901	1 488 735
+	3 676 216	3 914 805

It will be seen from the above tabulated values that the surplus of production over consumption is lower for the Muhammadans for smaller values of n It is only when the ratio is rather large i.e. when the mass may be said to be very efficient in production that it exceeds the Hindu value

The Bengal Provincial Banking Enquiry Committee estimated the average annual income of an agricultural family to be Rs 450 and the estimated annual expenditure to be Rs 420 leaving a small margin or surplus of Rs 30 per family The debt per family was estimated to be Rs 180 This works out to 6 years surplus Therefore the real surplus after payments in the nature of interest must be very small And the ratio of production to consumption would be nearer 2 0 as that gives us a small surplus Without being dogmatic and stressing too much upon the particular figures it may be asserted that the available surplus in the case of the Hindus is more than 5 times that of the Muhammadans Sir John Megaw has uttered a truth when he said that the amenities of civilised life are provided by the surplus of production
(Continued on page 249)

Economics in the West.

Agricultural Marketing in Great Britain.

London 31st March 1935.—Until recent years the urban population of the country has taken for various reasons little more than a recreational and sentimental interest in British agriculture. Happily, this is no longer true, and it has become more and more widely and rationally recognized that a successful farming industry is an essential part of the foundation of economic prosperity, even for a country so far advanced in industrial development as our own. The reasons for this change of attitude are complex but unfortunately it is still difficult for people not actually engaged in farming to obtain without extensive and rather technical reading a clear view of the elementary facts concerning the efforts made in recent years to improve the condition of agriculture. We propose therefore, in this article to outline the action taken thus far in perhaps the most important and laborious branch of reconstructive effort namely the agricultural marketing schemes. This we leave and such matters as protection by import duties, assistance by way of subsidies more especially for beef, dairy and live stock and the "quota" system of encouragement for wheat-growing. The subject we are concerned with is really very large and at some points controversial but our treatment of it is purely descriptive. Its larger significance lies partly in the fact that with the exception of measures for regulating wages and broadening credit facilities in agriculture organization marketing constituted the first step in comprehensive Government inspired plan for the restoration of health by conditions in the life of our industries which still engages more than a million active workers.

Facilities for the organized marketing of agricultural produce were first contained in the Agricultural Marketing Act of 1931. Under this legislation marketing schemes might be drawn up by producers themselves or by reorganization commissions appointed by the Government, and subject to the approval of Parliament could be imposed on all producers of specified agricultural products if a substantial majority accepted the proposals. This measure however provided no protection for the farmer from what even then had become an acute cause of complaint the unrestricted entry of relatively low priced and cheapening imports. In consequence little advantage was taken of the Act. Only

one scheme for hops came into operation under its provisions and here the circumstances are exceptional in that the grower already enjoyed protection and was out of the control imposed during the war. In order to hasten progress a further Agricultural Marketing Act was passed in 1933. This time an emphasis was made to coordinate the establishment of marketing schemes with quantitative regulation of imports, the availability of this form of protection being made the incentive for producer progress towards more efficient marketing. Provision was also made for regulating the production and marketing of specified "products" of any commodities that might themselves be controlled. Of the six marketing schemes already in force or contemplated under the combined action of the two Acts, four have resulted from Government action in the form of the appointment of reorganization commissions.

Hops

The hops marketing scheme was introduced in 1932 when growers were suffering from exceptionally low prices for their produce. In place of the unco-ordinated dealings between individual growers a system of centralized dealing through a Hops Marketing Board was introduced. All prices were to be fixed by the Board. There was no other source from which English hops could be bought and the Board was therefore able to secure more remunerative prices from the brewers who constitute the only buyers. As a result of the first season's working of the Board the depression existing in the industry was largely relieved. The whole of the 1932 crop was sold at remunerative prices, but this success was due in large part to a number of fortuitous circumstances among them the long vintage nature of the crop, the exceptional shrinkage of the supply of continental hops, the diminution in export from the United States in anticipation of the repeal of prohibition, and the increased demand from English brewers in the expectation of the reduction in the beer duty. For the 1933 crop the Board fixed the price at £15 per cwt. though continental hops were selling at about £20 per cwt. and on this and other evidence a committee of investigation appointed by the Minister of Agriculture raised allegations against the Board of having charged excessive prices.

The early measure of success attained by

the scheme gave rise to a fear that many new growers would be brought into activity and that prices might consequently fall again. Accordingly a committee composed of growers, brewers and impartial persons was appointed by the Minister of Agriculture 'to consider arrangements for securing closer collaboration between brewers and hop grower'. The committee reported in June last and its recommendations and a consequent agreement with the Brewers Society were adopted. The agreement covers the five crops from 1934 and in each year the brewers undertake to purchase from the Hops Board at least two-thirds of their estimated requirements of English hops. Imports are not to exceed 15 per cent of the total market demand for all hops. The average price of the English crop in each of the five years of the scheme is fixed at 49 per cent, including commissions and expenses of the Board and may be varied only if wage costs change by more than 15 per cent. This price has been fixed as giving an estimated margin of 20 per cent in an average year on an average crop over the costs incurred. Any unbalanced balance of the crop is to be taken over and financed by a levy amounting to 10s a cwt on all hops sold by the Board. The scheme is under the control of a permanent joint committee composed of four members representing the brewers, four representing hop growers and three impartial members.

The new plan resembles the system under the Wheat Act in that producers are given an assured price for a stated quantity of hops but it shows a marked dissimilarity from the wheat system in that a monopoly is secured for existing and past producers. Quotas of production are allocated to individual producers based on their average output in 1928-32. New entries into the industry are thus excluded and the relative importance of individual producers is stabilized for the period of the plan.

MILK

The milk marketing scheme for England and Wales was the first to come into full operation after the passage of the Agricultural Marketing Act of 1933 though it was actually formulated before then. The plan is based on the recommendations of a reorganization commission which was appointed in April 1932 and reported in the following January. In its final form it came into force in October 1933 and prices have since been controlled by the Milk Marketing Board which is representative of all producers. The Board has become a party to the contract for the sale of all milk marketed

in England and Wales which in quantity amounts to nearly 1,000 millions of gallons a year and in value to nearly £1,000,000 a week. Producers are free to arrange their own contracts with distributors though they must be on standard conditions laid down by the Board. Prices however are outside the scope of individual producers. The Board fixes the prices to be paid by distributors, while retail prices below those prevailing in the various districts are prohibited under penalty. All payments for milk sold to distributors are made to the Board which is also responsible for milk sold for purposes other than liquid consumption—that is principally for manufacture into butter, cheese, chocolate and so forth by people who are not themselves producers of milk. Thus the scheme differs from that relating to hops in that the money proceeds of producers' sales pass through the hands of the Board. Buyers pay the Board direct and the Board passes on the proceeds to producers after deduction of specified sums for expenses and levies. An exception to this procedure is made in respect of producer retailers who may sell only under licence from the Board and only at the fixed retail prices for their districts.

For the purpose of the apportionment of receipts to producers the country is divided into eleven districts and each district is to a large extent treated individually. The total sum realised from the sale of milk in each district whether used for liquid consumption or for manufacturing purposes is credited to a regional pool and divided among the producers. A pool price is declared for each region monthly and producer receive payment at this price from the Board according to the number of gallons sold. From these sums are deducted transport and handling charges which are paid in the first place by the Board. In addition to the pool prices some producers receive extra payments for deliveries in steady quantities and for special high quality milk.

Until recently the prices paid by buyers for liquid consumption and for manufacture were fixed from month to month but under a new arrangement between the Board and the buyers' representatives a series was fixed for the entire period from October 1934 until September of this year. Prices for liquid consumption vary from 1s per gallon in mid summer to 1s 5d in mid winter. Those for manufacturing purposes vary between themselves in accordance with the prices of competing imports and the particular

manufacturing purpose on the whole they are considerably lower than prices for liquid consumption. In January last for example they averaged rather less than 6½d per gallon. This largely explains the variation in producers' receipts in different regions notwithstanding that producers are now paid an even price for their milk irrespective of the use to which it is put. As between different regions the larger the proportion of milk which cannot be sold for liquid consumption the lower is the regional pool price. Consequently the highest regional pool prices are paid in districts near to large urban centres such as the south eastern region which supplies mainly the London area while the lowest are recorded in regions such as the mid western and west midland where a considerable proportion of the output even in the winter months goes into manufacture. The varying pool prices are to some extent levelled by the operation of an inter regional compensation levy. This is fixed at about 1d a gallon for all milk sold as liquid milk and nearly the whole of the levy is allocated to the regional pools in proportion to the quantity of milk sold for manufacture. Despite this compensating plan however the discrepancies between different regions are still wide. In January for example prices varied from 15½d in the south eastern region to 14d in the western regions. The divergence between these figures and the 1s 5d paid by distributors for liquid milk is made up of ¾d for expenses liabilities and reserves of the Board a small sum in respect of the lower price received for milk consumed in schools and a much larger sum on account of the lower receipts from milk sold for manufacturing purposes.

The principal difficulties faced by the Board have arisen from the large 'surplus' of the supply of milk over the requirements for liquid consumption. In addition although the liquid demand has expanded but little the total supply of milk has increased substantially under the stimulus of rising prices and improved receipts by farmers who in the past depended largely on the manufacturing market. The surplus thus tends to grow and even in January last, when total production was seasonally low it amounted to 28 per cent of the supply. The low prices received form the surplus are traceable to the competition of imported milk products. The Government under the authority of the 1933 Act has curtailed imports from foreign countries but a large part of Britain's supplies more especially of butter and cheese comes from countries

within the Empire and these it has so far been impracticable to restrict. Owing to the difficulties encountered in operating the marketing scheme the Government has given it special help. For two years from April 1 1934 it has undertaken to make advances from public funds to the Board if required to bring up the price of manufacturing milk to 5½d a gallon in summer and 6½d a gallon in winter. It was estimated that the amount of these advances in the first year would be between £1 500 000 and £1 750 000. A further sum not exceeding £1 000 000 spread over two years is to be granted to the Board to cover one half of any expenses incurred by it in efforts to increase the demand for milk. Under this provision a scheme has recently been instituted for the supply of cheap milk to school children.

Some expansion of demand may result also from arrangements made to improve the quality of the supply. From May 1 a roll of accredited producers of grade A milk will receive a premium probably of 1½d per gallon. Britain's consumption of liquid milk per head of the population is still only one third of a pint a day considerably less than comparable countries and it seems that there is scope for raising this figure appreciably. Suggestions to this end may be forthcoming from the reorganization commission appointed in February to consider the working of gamified milk marketing in Great Britain under milk marketing schemes and its incidence on production distribution and consumption and to make recommendations for further improvement.

PIGS AND BACON

The pigs and bacon marketing schemes which control the production of bacon came into operation about the same time as that for milk. A reorganization commission for pigs and pig products reported in October 1932 and on its recommendations the schemes came into force about a year later. Two boards the Pigs Board representative of producers and the Bacon Board representative of curers together fix the basic price to be paid for bacon pigs. Contracts are entered into between farmers and factories for definite periods for the supply of specified numbers of pigs of satisfactory quality each month and heavy penalties are fixed for default in delivery. No one who is not a registered producer may sell pigs for curing and none but registered curers may buy them for that purpose. Any pig producer if he does not elect to sell to a curer but to market his pigs solely in the pork

market may remain outside the scheme. It is clear that such a plan under which curers are obliged to take a fixed supply each month at a predetermined price, can be operated only by strict regulation of supplies and the maintenance of domestic consumption.

For the first contract period under the scheme the four months to February 29 1934 payments to producers were based on prices of feeding stuffs this method being possible by reason of the precision with which a pig under skilful management puts on flesh according to the weight of food consumed. Imports of bacon and ham were subjected to regulation as soon as the scheme was promulgated but under the stimulus of assured prices the number of pigs contracted for in the initial period so far exceeded the original estimate that further drastic reduction of purchases from abroad became necessary. It was then found that Danish and English bacon—Denmark being the principal source of imports—were not direct substitutes Danish bacon being generally preferred by the English consumer for its greater leanness.

In consequence of restriction of imports there was a sharp rise in prices of Danish bacon without an equivalent rise in English. The unexpectedly large response of pig breeders also placed curers in a difficult position and the Government felt it necessary to grant a short term credit to the Bacon Board to cover any prospective losses suffered by curers. The credit amounted to about £160,000 and is intended to be repaid out of a levy on pig production. The loan was followed by the passage of an Act which empowered any agricultural marketing board to compensate its members out of funds provided by producers contributions or by loans from the Treasury for losses caused through its operations.

With a view to overcoming the initial difficulties prices in the second contract period from March 1 to the end of 1934 were based not only on costs of feeding stuffs but also on variations in wholesale prices of bacon. Farmers were thus deprived of any assurance in respect of net receipts and were therefore reluctant to bind themselves to supply definite quantities to curers at the sacrifice of freedom to sell their produce in the unregulated pork market where prices were then relatively high. The promise of adequate supplies for curers was obtained only by an extension of the time during which contracts for the new supply might be made. Further complications arose in arranging the terms on the third contract period which

covers the present calendar year. For various reasons both natural and economic a disproportionate part of the annual supply of bacon pigs reaches the factories in the late summer and autumn months. Curers are consequently involved in higher costs than if they were able to operate their factories at even pressure throughout the year. In the new contracts special provision was made to ensure more level deliveries. Difficulty was experienced however in obtaining an adequate prospective supply of pigs and once again the time period for entering into contracts had to be extended while the 'level delivery' provisions were omitted from the later engagements.

The Government's powers granted under the 1931 Act of quantitative regulation of imports have been utilized to a greater extent for the bacon marketing scheme than for any other. The position is simplified by the fact that most of our imports of bacon come from countries outside the Empire. Denmark alone accounts for about two thirds of our imports of bacon and ham. The policy has been to maintain an even total supply so that increases in home production have been offset by progressive curtailment of imports. The net result is that nearly one quarter of Great Britain's total bacon supply is now produced at home as against only one seventh before the scheme came into operation.

POTATOES

The marketing scheme for potatoes shares with the hops scheme the distinction of having been evolved by producers themselves without the appointment of a reorganization commission. Owing to wide fluctuations in crops and the sensitiveness of the market to over supply the desirability of a marketing scheme had long been recognized by potato producers but not until the passing of the Act of 1931 with its facilities for organizing the whole industry did such a scheme seem likely to achieve success. A plan was then prepared by representatives of producers and after prolonged negotiation came into full operation in March 1934.

A Potato Marketing Board has been established and its expenses are met by a levy based upon acreage paid by all registered producers. The function of the Board is to regulate production and supplies though in contrast to the Milk Board payments to producers do not pass through its hands. Both producers and merchants must be registered and no registered producer may have dealings with a wholesale merchant who is not

authorized by the Board. The amount of the home crop is limited by reference to the acreage sown by individual producers in a basic period and the supply to the market is regulated by various means including when necessary the imposition of riddle regulations ensuring that only those potatoes above a given size are marketed. The Government's power under the 1933 Act to regulate imports has been used since the scheme came into force. With regard to early potatoes the general policy is that imports shall be severely restricted in quantity and allowed only during periods when they are unlikely to interfere with the profitable marketing of English new potatoes. Imports of main crop potatoes are allowed only when the domestic supply is below the quantity thought likely to be consumed with prices at a remunerative level. Like new potatoes they are permitted only in stated quantities at prescribed periods; indeed they are now prohibited except under licence. Under arrangements recently concluded the flow of imports is to be regulated through an association of potato importers and the quantities to be imported in specified periods will be announced from time to time.

The first year's working of the Board has been attended with the desired results. Prices have been maintained considerably above the levels of the previous year and there has been a decline of only about two per cent in the home crop. Meanwhile imports have declined in quantity but as under the bacon scheme the foreign producer has benefited from an increase in price and last year the value of our total imports was actually slightly higher than in 1933 though the quantity was lower by about one quarter. Nevertheless in practice the foreign producer is almost entirely excluded from the British market. In 1932 overseas supplies constituted about 15 per cent of the total whereas last year the proportion was only three per cent.

EGGS AND POULTRY

The poultry industry is the latest branch of British agriculture to come under the purview of a reorganization commission. This was appointed in October 1933 and reported a few weeks ago. The report directs attention to the rapid development of the industry in the past ten years. Judged by the value of annual production it is now the third most important section of agriculture being surpassed only by live stock and milk and dairy produce. Since 1924 the home supply of eggs has very nearly doubled in spite of

falling prices and the number of fowls in England and Wales has risen from 31 millions to 61 millions. This development has gone hand in hand with a large increase in consumption of eggs. Thus notwithstanding the growth of 100 per cent in domestic supply during the past ten years the proportion of English to the total supply increased only from 2 to 68 per cent. The distribution of the fowl population is uneven. Lancashire and Yorkshire record greater numbers than any other countries. Lancashire indeed accounts for 7½ million birds on agricultural holdings of above one acre in extent or 1,091 per hundred acres of crops and grass as compared with 45 per hundred acres for the whole of England and Wales. Altogether nearly one quarter of the total number of fowls in England and Wales is concentrated in Lancashire and Yorkshire. Incidentally Lancashire has also more bacon factories than any other county.

The reorganization commission in endeavouring to find a way of raising the returns to poultry keepers departed from the policy of previous commissions by dismissing the method of increasing retail prices since it was felt that such measures would result in reduced demand. Moreover it made no recommendation as to limitation of imports. In the view of the commission the principal obstacle to improved conditions was the difficulty experienced in important urban consuming centres of obtaining bulk supplies of graded eggs of uniformly high quality. A scheme was therefore outlined for the more orderly marketing of eggs and their better distribution. It is recommended that packing stations which at present deal with about twelve per cent of the annual production under the "national mark" scheme be extended throughout the country and their use made compulsory. Eggs would be sold to these stations where they would be tested, graded and then re-sold at prices fixed by a marketing board. It is suggested that the scheme should be introduced gradually over a period of not more than eighteen months.

As regards poultry slower progress has been made in improving both production and marketing owing to the tendency among producers to concentrate on egg production rather than on poultry for the table. This tendency in the view of the commission has led to a lack of balance in the industry and has helped to curtail producers' returns. As the essential needs of the two sides of the industry are identical the commission recommends the setting up of an organization for marketing poultry, similar to that proposed for eggs but

to become operative at a much later period. The Government has not yet declared its intentions in respect of these proposals.

Apart from schemes already in operation publicly announced proposals are being considered for organized marketing arrangements for fat stock while unofficial plans are reported to be nearing conclusion in respect of fruit and a scheme has been instituted for Scottish raspberry growers. It must not be overlooked moreover that the full title of the Government Department concerned in these matters is the Ministry of Agriculture and Fisheries and that on the other side of its field of activity a marketing scheme for herrings has been prepared by a commission and is to come into force before the opening of the 1935 herring fishing season. Administrative arrangements are such that not all the schemes mentioned apply to the same area. Thus the pigs and bacon scheme and the potatoes scheme cover Great Britain, the hops scheme England and Wales while in milk separate boards largely independent apply to England and Wales and to Scotland. As regards eggs and poultry a separate commission has reported for Scotland

THE WORKING OF THE SCHEMES

It is evident even from this compressed survey that the working of the various plans has been attended by many difficulties while inequities between different regions and different classes of producers have inevitably arisen. The organized marketing of agricultural produce in this country is in its infancy and it would have been surprising if smooth working had at once been recorded. Each scheme has to face its own special problems but some are more or less common to all. Such are those concerning administrative control, the availability of alternative markets, the relative weight of imports and domestic supplies and the effects of changes in price on consumption.

Considering these briefly in turn the ease or difficulty of administrative control must depend largely on the number of producers concerned. It is not wholly by coincidence that those schemes have worked most smoothly in which the number of producers is lowest. The approximate number of registered producers in England and Wales under the hops scheme is 1,000 and under the potatoes scheme 70,000. Registered producers under the milk scheme however number about 160,000 and under the pigs scheme about 140,000 though there are only 525 registered curers. The small number of curers has been an important factor in negotiations with the far larger number of

producers. In the poultry industry there are over 500,000 producers and the difficulty of co-ordination between so large a number is perhaps the greatest obstacle in the way of any practicable and at the same time comprehensive marketing scheme. The next source of difficulty is the availability of alternative markets is not so generally present. It has however given rise to serious problems in operating the pigs marketing scheme—indeed, a sudden swerve of producers into the alternative fresh pork market at one time brought the arrangements near to collapse. The only other immediate field in which circumstances of a similar nature are likely to arise is that of eggs and poultry.

The quantitative relations between domestic and imported supplies are important in all the schemes. In hops and potatoes domestic supplies now constitute practically the whole and the boards are thus placed in a powerful position. In milk the entire liquid supply is domestic but imported milk product accounts for many times the equivalent quantity of domestic milk used for manufacturing purposes; moreover these imports are not subject to any comprehensive system of control. These facts explain at least in part the wide divergence between prices of liquid and manufacturing milk. As for bacon the home supply is still only one quarter of the total consumed but imports are subject to control on the other hand they meet with a preferential demand from consumers. Hence a substantial rise in prices in which domestic supplies have shared though not to the full. In eggs nearly one third of our supply comes from overseas.

The fourth factor, the effect of price variations on consumption is vital. In hops and potatoes notwithstanding higher prices there appears to have been little or no shrinkage in demand in hops because their price is only a small part of the cost of the final product and in potatoes because their price is so low in proportion to their bulk. Under the bacon scheme on the other hand the immediate increase in prices was accompanied by a marked falling off in demand. A principal object of the milk scheme is to secure a substantial growth in the consumption of liquid milk and a gradual increase is in fact taking place despite some rise in prices. In January last liquid consumption was six per cent higher than a year before and this was not entirely attributable to the special supply to schools.

Their Majesties' Silver Jubilee.

By A V Ramaswami, B.A

On the 6th May 1935 Their Imperial Majesties King Emperor George V and Queen Empress Mary complete twenty five years of a most eventful reign. The Silver Jubilee of this reign is perhaps the happiest event of the twentieth century. All over the British Empire the hearts of millions of men and women go forth in thanksgiving to God for this completion of a quarter of a century of rule and in prayers that the Almighty may pour His choicest blessings on Their Majesties for many, many years to come. Why is it that this occasion has

circumstance, when he moved with ordinary folk. To add to the democratic tinge in the being of King George, he married a cousin of his outside of Royal Family. Queen Mary is the only English woman that has sat on the throne at Westminster. This gives piquancy and considerable attraction to this Silver Jubilee. A Commoner's King and an English Queen of England—the celebration of the Silver Jubilee of their reign is certainly a matter for the greatest rejoicing.

King George is the only monarch of



Their Imperial Majesties King-Emperor George V and Queen-Empress Mary

called forth such an exuberant display of loyalty and rejoicings? It is to be attributed to the remarkable personality of the King himself. In fact it is his great personal charm that has attracted to himself the love and affection of his subjects all over the world. This is the time to recall to our minds the secrets of the popularity of George V.

King George V enters on the seventy-first year of his life on 3rd June 1935. He started life in the Navy and thus came into contact with common people. The absolute freedom from aristocratic bias in the make up of His Majesty is accounted for by this

importance that exists in these days of republics and dictatorships. What is it that lends attractiveness to the English monarchy to survive till the present day? The main reason is the undoubted personal character of the English King. This has won universal admiration. Another reason why the English monarch lives so far and bids fair to live long in full prestige and glory is the strictly constitutional nature of his Sovereignty. It is a great tribute to and a rare fortune of the English nation that three such sovereigns as Victoria, Edward VII and George V should come in succession. At the same time it is

folly to think that the English monarch is no factor in British politics. He is and will be, so long as he is bound by moderation and restraint. To the great credit of King George V, he is an immense reconciling and restraining influence in English public life. When a few years ago illness overtook His Majesty, all the politicians of the Empire felt in sympathy with the suffering of the ideal constitutional king, whose political life serves as a model to all such ones. His admirable character and magnanimity of temperament are discernible in his deft management of public affairs. It is an open secret that in the shaping of the present National Government, His Majesty had no mean hand. In fact those who are in the know of things would give George the credit for the very idea of a National Government. How timely it was at a period of grave crisis students of history will tell us.

To Indians it will be a source of unbounded gratification that the extraordinary personality of King George V has always been on the side of Indian aspirations. He shares in a large measure his grandmother's love of India and her people. If India gets fair and equitable treatment at the hands of the British Parliament more often than not, it will largely be due to the present king. He takes a personal interest in Indian affairs. His regard for great Indians like the Right Hon. V. S. Srinivasa Sastri is only too well known. These facts only emphasise the greater need on the part of India to take a larger and more joyful part in the celebrations of the Silver Jubilee.

No account of King George V will be complete without a reference to his immeasurable services during the Great War. The British Empire is under a deep debt of unredeemable obligation to the King for the valuable services that he rendered in that time of stress and anxiety. The Great War saw His Majesty in personal review, supervision and inspection of the armies

and trenches. Being an expert in the Navy himself, his attentions to that part of war equipment were not less. He has actually been on the battlefield under shell fire. He has himself attended in person to the nursing of wounded soldiers. The war industries owe not a little to his overseeing and guidance.

A word about the L. S. D. of royalty will not be out of place here. It will be curious for the public to know that the Emperor of the greatest Empire of the world is not among the richest kings. The surrender of the Crown lands by the mad George III dwindled considerably the Civil List. The Royal Family is now allowed £470,000 a year. This appears at first sight a considerable sum, "but," as Elissa St. John points out, "unless he had private resources His Majesty would find it impossible to live on it. The upkeep of his five British residences, Buckingham Palace, Windsor Castle, Sandringham House, Balmoral Castle and the Palace of Holyroodhouse entails very heavy outlay." The same writer goes on to tell us, "The amount that the King and Queen and the Royal Family give to charity every year would amaze the public, if they only knew it. Not only do Their Majesties help recognised charitable organisations but they send considerable sums to individuals and little known societies and bodies—none of which gifts are ever made public. It was a court case some time ago which revealed the fact that the King had sent a cheque to assist an old actor who had written him personally for assistance."

It is such a charitable, magnanimous and lovable figure that we are having as our King Emperor, and it is the Silver Jubilee of his reign that we all join in celebrating to day. May Their Majesties be spared long to continue their selfless labours among their people!

Our National Progress depends largely on the reconstruction of the rural areas. Trained workers devoted to this course, are required in large numbers. The V. M. C. A. authorities deserve the gratitude of the people for having undertaken to supply this want. The 1935 Summer School for the training of rural workers is arranged to be held at their Rural Reconstruction Centre at Ramanathapuram, Coimbatore, from the 29th April 1935 to the 1st of June 1935. The course consists of theoretical and practical training in the principles

and methods of Rural work, Adult education, Rural health and sanitation, Rural recreation, Elementary agriculture, Common ailments of cattle and their treatment, Poultry farming, Bee keeping, Co-operation, Village Panchayats, Scrutiny and Rural Reconstruction work. In addition to this course, useful excursions to places of interest and instruction are arranged. It is needless to say that those interested will take advantage of this useful course.

Canadian Trade and Finance.

Canadian Export under the Ottawa Agreements

Montreal March 21 1935—During the past two years the value of Canadian export to Empire countries has increased by 118 million dollars an expansion that is extraordinary in view of the low level of trade between most parts of the world. Of the total increase in Canadian exports in these two years 92 million dollars has been in the form of increased exports to Great Britain 26 million dollars in increased exports to other parts of the Empire and 41 million in export to non Empire countries an aggregate increase amounting to 159 million dollars. Until quite recently the volume and value of the exports of most non Empire countries has continued to decline. While the downward trend in world trade may have paced it neither there has been no similar upward movement comparable with this recent trend Canadian exports.

Last autumn Sir George Schuster made study of the influence of the Ottawa agreements upon the trade returns of Empire countries in 1933. This study which presented comparable statistics but did not attempt to reach conclusions as to the value of the agreements to the various parts of the Empire appeared in a supplement to the

Economist for November 3 1934. The tables which are presented in this Letter carry forward these statistics so far as they are concerned with Canadian trade to the end of 1934.

On the import side Canadian purchases from Empire countries amounted to 28 per cent of total imports in 1932 and to 31 per cent of total imports in 1934. Where imports from Great Britain in 1932 had a value of \$93 500 000 by 1934 their value had increased to \$113 400 000. Certainly in comparison with imports from other countries Canadian imports from Great Britain show a slow but definite upward trend. It may well be that the relative retardation in this movement as compared with that in our exports is due to the fact that growth in trade in manufactured products must develop more slowly than that in foodstuffs and raw materials particularly during a depression. It is on the export side of the ledger however that we find the most immediate and most obvious changes in the trend of trade.

Let us look first at Canadian exports to Empire countries other than Great Britain.

Where such Empire countries purchased 6 per cent of our total exports in 1913-14 between 1932 and 1934 the proportion of our exports going to these countries increased from 8 to 10 per cent. In view of the total increase in the value of the trade in these years the difference in this percentage assumes no small importance. Australia's imports in 1932 amounted to \$7 000 000 and in 1934 to nearly \$17 000 000 million. British South Africa's imports increased from \$4 400 000 to \$11 575 000 the imports of New Zealand doubled an increase of \$3 400 000 and the imports of the Irish Free State increased by more than \$1 000 000. The second table shows these increases in detail. It is an impressive roll. It is headed by an increase of \$97 000 000 in the value of Great Britain's imports from Canada in the years mentioned.

In considering this great increase of exports to Great Britain it should be remembered that up to 1913 in almost every year since Confederation more than half of Canadian exports went to Great Britain. In the years of post war prosperity when manufactured goods constituted a relatively large proportion of Canadian exports Great Britain's share dropped off until in 1929 it amounted to only 20 per cent of the total. The British market however is exceptionally stable even during a depression and with the general decline in world trade Canada found that in 1932 in spite of a sharp recession in the volume and value of goods going to Great Britain 36 per cent of total exports was being absorbed by that market. Between 1932 and 1934 with a decided increase in the total value of exports in the interval the proportion purchased by Great Britain had increased to 41 per cent. While it is still too early for final judgment upon the influence of these agreements on the trade of all parts of the Empire there can be no doubt that outstanding benefits accrued to Canada as a result of the Ottawa Conference.

BRITISH FINANCIAL OPINIONS

The extent of the improvement in business activity in Great Britain and the British financial policy best calculated to aid in a restoration of world trade were the subjects most carefully discussed before the shareholders upon the occasion of the recent annual meetings of the leading banks of Great Britain. Thus Mr. Colin F. Campbell Chairman of

	April 1 to March 31			Calendar Years		
	1913-14	1915-16	1919	1913	1913	1914
EXPORTS —						
All countries	100 0	100 0	100 0	100 0	100 0	100 0
British Empire	55 29 ^a	43 16	33 48 ^a	43 98 ^a	4 993	31 340
Foreign Countries	44 08	56 838	66 510	56 018	5 000	48 660
United Kingdom	49 8 9	45 694	24 668	36 081	39 6	41 406
Australia New Zealand Fiji	1 508	9 6	3 3 9	2 14	9 669	3 659
British Africa	91	93	1 30	1 054	1 919	1 907
British West Indies British Guiana British Honduras Bermuda	1 9	1 414	1 79	9 06	1 9	1 490
India Ceylon Straits Settlements Hong Kong	595	1 168	1 1	939	80	1 147
Newfoundland	1 044	899	991	1 143	1 113	1 010
Other Empire Countries	034	5 9	341	501	61	393
IMPORTS						
All countries	100 0	100 0	100 0	100 0	100 0	100 0
British Empire	24 951	26 63	19 80	28 294	33 6 1	30 584
Foreign Countries	5 049	9 234	80 193	1 06	66 929	69 418
United Kingdom	21 337	1 900	14 993	20 660	24 329	9 0
Australia New Zealand Fiji	669	1 1 4	1 68	1 9 7	9 250	9 1 1
British Africa	084	146	9 1	1 109	1 50	947
British West Indies British Guiana British Honduras Bermuda	1 241	1 8 6	1 46	9 946	9 841	9 661
India Ceylon Straits Settlements Hong Kong	1 3 8	1 423	1 09	1 50	1 888	2 3 0
Newfoundland	99	181	191	1	108	2 8
Other Empire Countries	—	117	117	095	033	0 0

EXPORTS FROM CANADA

(Thousands of Dollars)

Country	1913-14	1915-16	1919	1929	1933	1934
All countries	431 588	1 5 138	1 189 41	493 809	531 49	6 887
British Empire	238 43	540 438	39 481	21 15	2 181	33 245
Foreign Countries	19 946	11 3	86 931	2 665	2 6563	317 64
United Kingdom	215 4	446 8 3	200 389	1 21	210 698	2 0 334
Australia	4 6 4	18 966	19 125	133	10 208	16 8 0
Bermuda	353	1 98	1 984	1 89	1 19	1 094
British East Africa	57	600	1 554	43	439	590
British Guiana	643	9 409	1 74	10	923	945
British Honduras	9	485	1 130	99	359	199
British India	416	9 99	9 4 0	9 3	9 6 1	46 8
British South Africa	3 831	8 389	1 7	4 416	11	115 5
British West Africa	39	894	1 13	356	314	985
British West Indies—						
Barbados	—	1 6 4	1 431	1 095	964	1 0 1
Jamaica	—	4 3 5	5 310	384	519	3 018
Trinidad & Tobago	—	3 841	4 09	1 1	1 953	9 684
Other P. W. I.	—	3 749	4 3	1 604	1 685	1 349
Total	4 469	13 5	15 559	6 801	191	7 425
Ceylon	39	08	538	6	3	2 4
Fiji	118	31	411	94	1 1	900
Hong Kong	1 9 9	1 460	2 4	1 375	1 058	1 306
British Free State	(1)	6 057	910	9	3 499	3 821
Malta	(1)	45	461	103	159	1 0
Newfoundland	4 008	11 1 0	11 13	64	60 5	6 597
New Zealand	1 934	13 538	20 40	3 406	3 337	6 8 1
Southern Rhodesia	(2)	(9)	(4)	(4)	3 (3)	6 3
Straits Settlements	30	9 460	11 6	300	488	1 986
Other British Countries	00	819	33	4	131	93

(1) Included with United Kingdom

(2) Included in other British Empire

(3) Nine months April to December

(4) Included with British South Africa

the National Provincial Bank, noted the 50 per cent increase in the output of pig iron in 1934 and stated that the production of nearly 9 000 000 tons of steel during the year had been exceeded—omitting war years—on only three occasions in the history of the industry. The Hon. Rupert E. Peckett, Chairman of the Westminster Bank Limited, supplied statistical evidence to show the rapid improvement which had taken place in 1933 and stated that this upward movement had been continued in 1934 and added that the large figures of unemployment are apt to obscure the considerable growth in the numbers actually in work. It is not generally recognized, for instance, that the average level of employment in 1934 was approximately the same as in 1929 and much higher than in any other year since the war.

In dealing with the financial policy, Mr. J. Beaumont Pease, Chairman of Lloyd's Bank Ltd., emphasized the excellent record of British banks during the depression. He suggested that for this reason an attack upon the banks would not meet with popular support at the present time and that while such an attack had been made in Australia it had merely served to consolidate the opinion of depositors, bank employees and the public generally against experiments with their savings. The result we know was the definite failure at the polls of this attempt to obtain possession of the banking business. Mr. Pease urged that the banks have done their utmost to encourage and stimulate restoration of prosperity. That the banks have not made greater headway in building up deposits by granting loans is because of lack of demand on the part of industry for further accommodation. He then turns from a purely financial solution of difficulties to one involving restoration of world trade.

"Why cannot we pay our debts to America? Because she will not take our goods in payment. Why was Australia unable to send her barley to Belgium? Because she refused to accept Belgian glass. Why could not we sell our coal to Italy, an why were thousands of our miners idle in consequence? Because we would not buy Italian marble. Why cannot Manchester sell her goods to South America? Because exchange restrictions in those countries prevent the dispatch of the purchase price."

"We in this country have endeavoured to combat the evil. We have shown a spirit of give and take, we have made a number of trade treaties with nearly a score of nations and even our adoption of some measures of protection, illegal as it might seem, has I believe, helped to open the eyes of the world to the fact that excessive nationalism is an enemy to peace both political and economic. Peace in both these spheres is what to my mind the world so greatly

needs. Let us continue to do all that we can to seek and ensure it."

Mr. Colin Campbell urged that stability of exchange is a prerequisite of the restoration of foreign trade.

"The United States is still struggling with the immense problem which it has faced during the past few years and there continues to be uncertainty as to the value which will be placed ultimately upon the dollar. So long as this doubt continues, the way of international trade must be restricted."

The Right Hon. Reginald McKenna said: "It is rightly pointed out that our recovery so far has been based predominantly on a broadening of the home market and for reasons which are never fully explained it is concluded that we have reached a closely approached limit of possible expansion in this basis. For myself, I emphatically dissent from this fatalistic conclusion which leads to the view that recovery should have proceeded precisely to this point and be unable to go beyond it. I find it difficult to find any reason why a continuance of the monetary policy of the past three years, continued with equally vigorous means."

He pointed out that since Great Britain is no longer on the gold standard:

"Deflation except as a corrective of internal inflation has been regarded as an unnecessary and delayed instrument of a freely operating monetary law. There is at present no evidence of inflation and our price level is steady and there is no extravagant speculation on borrowed money accordingly, no reason can be found, either in the internal situation or in the position of our balance of payments, for reversing the monetary policy which is proved so successful in the past three years or myself, I do not believe that the limits of internal business recovery have been reached so long as a free supply of efficient labour is untrammelled and a large measure of efficient wants remain unsatisfied."

While the Chairman of the other banks emphasized the view that any large additional extension of recovery must be the result of a corresponding improvement in foreign trade, Mr. McKenna was of the opinion that there is nothing in the situation to preclude further expansion in the home market without reference to conditions in other countries. None of these speakers advocated an immediate restoration of the gold standard but emphasis was placed upon the need of stimulation to foreign trade and to world recovery which would follow upon stabilization of the relationships between currencies. Apparently those who expressed fear of the effects of immediate stabilization felt that such a step might lead to the monetary war of deflation. The United States, however, stands committed to a revaluation of currency involving a twenty per cent increase in the monetary value of the dollar. Since sterling is already on a similar basis, if this degree of devaluation were generally accepted it is difficult to foresee how

the need for deflation is likely to arise. Since such action is tantamount to a seventy per cent increase in the gold base, it should be sufficient to permit the Bank of England and all other Central Banks to encourage easy money until the trend toward prosperity shall be well established throughout the world. Certainly such international stabilization in other words the re-establishment of the gold standard, would create conditions favourable to lowering tariff barriers, the relaxation of other trade restrictions, and the stimulation of a substantial volume of world trade.

CANADA'S BALANCE OF PAYMENTS

As pointed out in previous Letters, Canada, on the net balance of her international transactions, is not a borrower. On the contrary, during the twelve years from 1923 to 1934 Canada has had a total surplus available for the repurchase of Canadian securities held abroad or for foreign investment of no less than \$60,000,000. In the year just closed the final result of these international transactions was a net surplus of some \$20,000,000 for investment by Canadians in other countries. This was a reversal of the situation in 1933 when a total of approximately \$61,500,000 was brought into the country for investment, but this was only the third year in a decade when the balance was unfavourable.

The view generally held outside of Canada, and this is also largely accepted within the country, is that on balance we have been borrowers abroad during recent years. This is not difficult to understand. Prior to the war we were importing capital on a huge scale for the development of our natural resources, the building of railways and the creation of a manufacturing industry. Although most of the funds for financing the war were raised within the country, the net foreign debt continued to increase. As indicated above, however, the reverse has been the case in recent years, but this movement has been obscured because of the lack of publicity generally accorded to the redemption of loans as compared with the wide advertising given to new issues. Canadian securities held in Great Britain, the United States and other countries have been redeemed and repurchased steadily during recent years.

In 1934, the Dominion Bureau of Statistics estimates that Canadians purchased some \$30,000,000 of foreign securities or of Canadian securities held abroad and that Canadian governments and corporations retired \$75,000,000 in bonds owned abroad. Against

this there were heavy foreign purchases of Canadian securities amounting to about \$350,000,000 and foreign corporations increased their direct investments in Canada by \$5,000,000. The final result of these capital movements was a net outflow of \$20,000,000 of Canadian funds for investment outside of Canada.

The unfavourable balance of 1933 was due almost entirely to the sudden heavy decline in tourists' expenditures, foreign tourists spending only \$110,000,000 in Canada, as compared with \$212,000,000 in 1932. In 1934 tourist trade was much more satisfactory, the number of visiting tourists was greater and their *per capita* expenditures larger, gross expenditures being estimated to have increased to \$138,000,000, a gain of \$28,000,000. The recent study of this question by the Committee of the Senate and the steps taken by the Dominion Government to foster and promote the tourist trade should have beneficent results in restoring it to its former importance in our national economy.

Among the items showing net debits, that for interest and dividend receipts and payments is the most important. It is estimated that the net payments on this account amounted to \$230,000,000, or practically the same as in the previous year (\$225,000,000). These amounts were considerably higher than the balance of \$192,000,000 reported in 1932, the increase being due in part to improved sources of information rendering the compilation more complete and by the remittance of accumulated amounts made by branch and subsidiary plants in Canada after the disappearance of the discount on the Canadian dollar. The recovery of Canadian funds in the New York market has eliminated the balance in exchange payments shown in earlier years.

One of the outstanding features of Canada's international balances for 1934 is the increase in the value of Canada's foreign trade in commodities. The gross value of this trade amounted to \$1,120,000,000 in 1934 as compared with \$925,000,000 in 1933, an increase of \$200,000,000 or nearly 25 per cent. Commodity exports and imports increased by practically like amounts so that no change resulted in the net balance arising from our international trade in commodities as between the two years.

Humanity as a whole is like a giant inventor in an infinite laboratory distilling in his retorts the man of future. The only great benefactor of men is time—ANDRÉ MATOIS

Notes on Rural Life.

By "A Son of the Soil"

The *Harja* which began originally with the intention of championing the cause of the millions of untouchables has also become the medium of expression to the All India Village Industries Association. Every issue of this weekly contains an account of the work turned out by the Association. More than that we get an elaborate discussion of the various problems of rural economy that the Mahatma engages himself in. Cow milk in Buffalo's milk was a subject of recent discussion. The merits of unpolished rice and the defects of the polished are exposed to the man or woman who would want to reform himself or herself.

That which emerges most prominent among all these talks and discussions is the genius for identification with the subject he deals with which is a remarkable trait in Mahatma Gandhi. We wish that the educated public of India turn to this journal more and more for some world-shaking ideas of the most world-shaking man of our age. It is a matter for the deepest gratification that Indian rural economics should be guided at this stage by no less a person than the Mahatma.

We have not hesitated to point out what we regard as a backward tendency in the Mahatma's rural movement. We are not of the opinion that the modern scientific advancements are to be looked askance. In fact as Mr. Ramamurti pointed out—to which speech of his we referred in our last issue—India is peculiarly fitted to evolve a new rural philosophy blending all that is best in the East as well as the West.

* * *

Mr. Mahadev Desai had been to Peng recently to Gosaba the estate of that Mr. Scotch Soul that has made India its home. Sir Daniel Hamilton. In that terse and crisp style, which is so largely Mr. Desai's, we are privileged to study the activities of this ideal zamindar as he has fondly called it. In fact there is a real touch of noble idealism and no less noble realism in all that Sir Daniel talks and does. Mr. Desai has not yet finished his account in the *Harja* which appears serially. Why he has done we will take the opportunity of sharing the thoughts about estate at Sunderban which the writer has given us.

* * *

The Young Men's Christian Association is

a world-wide organization engaged in religious and social tasks of no mean order. In India the Association is doing meritorious service to Indian villages. The Summer schools of rural service which they hold are efficient training grounds for rural reformers. The term rural service according to the Y.M.C.A. includes the most useful aspects of co-operative movement, improved methods of agriculture, veterinary work, cottage industries and village education, sanitation and entertainment. The fees charged are very low and we here that no less than 1,000 men and women of all castes and creeds have been trained by these schools during the past ten years. In this connection the *Nadav Mar* quotes the remarks of Dewan Bahadur S. E. Rungnadhram the Vice-Chancellor of the Annamalai University. The work is so important and urgent that both Government and non-official agencies should subsidise the establishment of practical training schools in rural reconstruction. Mr. Rungnadhram suggested that the Indian Universities should make it a rule that every student before taking his degree should spend at least six weeks at one of the training centres and produce a certificate of attendance. We do not know if the suggestion of the distinguished educationist of Chidambaram can be taken without protest. We have an honest fear that it is likely to provoke a controversy and evoke strong protests. But anyhow this much must be done. No effort should be counted too great to enlist the services of the thousands of educated unemployed in rural service.

Out of the 100 lakhs of rupees set apart by the Government of India for rural work we hope that the enlistment of rural workers will take a portion of that amount. We trust that the appeal to relieve the stress of middle-class unemployment by absorbing as many of the unemployed as possible into rural service will find favour with the authorities.

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The potentialities of the Library movement for rural education are no more in doubt. Most Western countries have benefited very much by adopting a system of rural library service. In India it is still in its infant stage. Thanks to the energy of the Indian Library Movement India's record is not bleak or

barren. Still it is so pitifully negligible that it need not be taken into account at all.

Whatever politicians might say about the political rights and privileges of the Indian States, subjects it is a fact that the nation building departments of some of the Indian States put British India to utter shame. Mysore, Baroda, Hyderabad and Travancore do hold records before which the other India must blush. Baroda for example was the first to begin the campaign of eradication of illiteracy in the State. It has succeeded to a remarkable extent. If two parts of India can be singled out for great praise on that score Baroda and Travancore are to be named.

As in many other departments of national reconstruction in the field of rural library service Baroda heads and leads India. No other state has followed Baroda in this field so far. But now Travancore has taken it up and an extensive scheme of village libraries is proposed. It is proposed to link the libraries to the schools already existing. Wherever there is a rural school there is to be a free public library in charge of a school master and motor transport is to be employed to ensure cheap and rapid circulation of books, magazines and newspapers. We heartily congratulate the Government of Travancore for their laudable system of rural libraries. We hope that this example will be followed in other parts of India as well. All Indian Statesmen from Gokhale to Sir M. Visvesvaraya have been putting forth earnest and passionate pleas for abolition of illiteracy and for adult education. It is a little late, not at least we will bestir ourselves to do something to prevent the utter ruin that may follow delay.

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It is a measure of the importance of the rural problem in our days that officials and non-officials, politicians and Government—all are attacking it earnestly and sincerely. The Government of Mysore ever solicitous of the welfare of the masses appointed an Agricultural Relief Committee sometime ago and they have now submitted their Report embodying their recommendation. Among the relief measures suggested by the committee are the following:

Takavi Loans should be liberally granted during the current year. The rate of interest on these loans should be reduced to 4 per cent for a period of two years. Applications for these loans should be disposed of promptly.

The budget provision for the purpose during the current year should be raised by

one lakh of rupees. Orders have been passed on these proposals. (The Government have passed orders on these proposals.)

Relief in the matter of enforcement of decrees of co-operative societies against agricultural debtors may be granted on the following lines:

In the case of decrees relating to very old loans execution may be suspended if all interest up to date and a small portion of the principal is paid. In the case of decrees in respect of fresh loans granted recently and in regard to suits filed during the current year time till the next harvest may be granted. (The proposals have been approved by Government.)

A scheme of debt conciliation on a voluntary basis so as to bring down the standing debt of the agriculturists within their repaying capacity is recommended. A majority would recommend provision being made for the introduction of the scheme on a compulsory basis in selected areas at the discretion of Government.

The compounded debt should be recoverable as arrears of land revenue in the first instance and failing this through process of Civil Courts.

Payment of settled debts may be undertaken by co-operative societies and land mortgage banks.

The maximum limit up to which loans may be sanctioned by the land mortgage banks may be raised.

Land mortgage societies should be rapidly extended so that every taluk may have one such society.

A simple inexpensive and expeditious method of rural insolvency should be provided for in the case of debtors whose debts far exceed their assets.

Co-operative institutions being the best form of organization for financing agriculture the co-operative institutions should be increased rapidly and their working improved.

Legislative provision should be made declaring that in regard to the agriculturists' debts the following rates of interest should be considered excessive: Simple interest in excess of 10 per cent for secured debts and 15 per cent for unsecured debts. Compound interest at intervals of less than six months. Rates of compound interest should be tested with reference to the above limits of simple interest. The above rates should apply to interest accruing in future.

A systematic programme of tank restoration works should be drawn up and as many of the tanks as possible should be restored.

Tank contributions should be recovered in easy instalments.

A survey of the existing marketing conditions should be made especially in regard to commercial crops. The appointment of a marketing officer with experience of agricultural and trade conditions is recommended.

Regulated markets should be established in important places of trade.

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The Government of the Punjab too have announced a revolutionary change in the revenue system of the Punjab. Sir Sikandar Hayath Khan the author of the scheme, looks upon it as a big concession to the Zamindars of the province. At any rate he is to be congratulated on his scheme as for the first time in the history of India demand is to depend on crop prices. We are not forgetful of the fact that the red tapism and conservatism of the bureaucracy would make a noble ideal work black in practice. But that need not deter us from paying the meed due to the Revenue Member of the Punjab Government. Some of the details of the scheme are here explained.

The market prices of one year will determine the remissions to be given the next year. The reason for this is that instalments of land revenue are realized before the marketing of the crop is complete and it is therefore impracticable to work out the scale of remissions on the prices prevailing for the current year.

In deciding what prices were current in the year previous to the grant of remissions Government will ascertain from leading firms the average daily prices actually prevailing in certain 'mandis' of the tract under Settlement during certain periods.

From the average daily price thus obtained appropriate amounts in annas per maund will be deducted on account of transport and marketing charges so that the average price obtained for each crop finally will represent the average current price in the villages.

The percentage of remission to be given in any harvest will be calculated by Government and will be the same throughout the tract under Settlement. The scale of remission will be in units of 5 per cent on the demand for each holding as calculated in accordance with the sanctioned rates of that holding.

The percentage of the remission to be given will be announced each harvest and the revenue establishment in calculating the demand on each holding for that harvest will first calculate the demand at sanctioned rates, they

will deduct therefrom the sanctioned amount remission and will show the balance as the demand to be realized. The revenue officer will be entitled to see the calculations. In calculating what remission is due for a particular year Government will bring three factors into their calculations —

The percentage of the total matured area under each important crop.

The average yield per acre of each of those crops.

The commutation price assumed for each of those crops.

By multiplying these figures together Government will obtain an index figure. They will then calculate a corresponding index figure for the year previous to that for which remissions are to be given. Unless there are exceptional reasons to the contrary it will be assumed that the percentage of crops remains constant, and that the average yield per acre also constant. They will however take the prices as determined by the calculations given above. We will suppose that the standard index figure is 1000 and that the index figure according to the new prices is 600.

If the remission given will then be 40 per cent each year a new index figure will be calculated and the amount of remission will depend on the level of prices during the previous year. In what has been said above it has been assumed that the commutation prices as sanctioned will give for each assessment circle in accordance with the standard of one quarter of assets revenue rates which are not on the average more than 25 per cent in excess of the revenue rates imposed at last Settlement. Under the law as it stands at present Government cannot impose revenue rates in an assessment circle as a whole which are more than one quarter in excess of those imposed at last Settlement and unless the law is amended in this respect before the assessment

announced this provision will impose an independent limit to the maxima rates which Government can fix. If, therefore the sanctioned commutation prices give rates which are more than 25 per cent greater than the rates imposed at last Settlement Government will have to reduce the rates accordingly. In that case it will be necessary to reduce the Settlement index figure proportionately. Supposing for instance that the Settlement index figure is 1000 but that the commutation prices on which that index is calculated give for a particular assessment circle theoretical rates which are 10 per cent more than Government can impose under the existing law then the

Settlement index figure will also be reduced by 10 per cent and will be taken as 900 instead of 1000

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Among the most recent recruits to the cause of mass amelioration in this country is no less a person than His Highness the Rt Hon the Aga Khan. His Highness commands unusual influence with the large majority of educated Moslems in our country. As the spiritual head of the Khojah community his influence extends far and wide. It is a happy sign that his prestige should be lent to the support of this movement for rural reconstruction. It is our earnest wish that the Aga Khan should not merely concur with this announcement of his concern for the masses. It is essential that he should try to bring the leading men of his community together for a well organized task of rural reformation. Will he do it? We fervently hope he will.

* * *

It may be urged as one of the strongest arguments in favour of the India Reform Bill sponsored by the National Government that the transfer of political power to Indian Executives and Legislatures is essential if only to facilitate measures of social reform beyond the range of an Administration dominated by British Officials aloof from Indian society and sentiment and responsible only to Whitehall in London. We admire the unexceptionable sentiment of this remark

of *The New East and India* in beginning an important leading article on the *Peasant in Indian Politics* in its issue of January 24 1935. But the unfortunate mistake it makes is that it deludes itself into the belief that the present India Bill transfers any real political power at all. Its concluding words are worth quoting for the warmth of their feeling and vigour of their expression.

British statesmen and industrialists sometimes exclaim. What a wonderful triumph would be imparted to British and indeed to world trade if the average per capita income of the 350 million people in India could be increased even by the relatively small sum of '£1 per head per annum'. We would only remark that those who will the end must also will the means. The greatest surviving obstacles to a higher standard of income and living in India whether socio-religious or economic are so deeply intertwined with Indian life and customs that only an Indianized Government based on the widest possible franchise can dislodge and destroy them. The overriding necessity is a system of universal primary education which only an Indian Government could enforce and finance. The British Administration has accomplished much to its successor will be confided the responsibility of completing the many tasks which for various reasons have been left unfinished.

We commend these lines to the consideration of our administrators for they are the unbiased views of an impartial journal neither Indian nor Anglo-Indian.

Over ninety two per cent of the people in India as it is well known are illiterate. The adult population contributes largely to this high figure. The immediate problem therefore is to educate the adults especially in the villages as the bulk of these illiterate adults are in the villages. The library worker in India with the help of the village schoolmaster can do much to solve this problem. Mr S. E. Ranganathan Librarian of the Madras University Library suggests that the work of the library organized in India is not that of taking the books to the villager and make him read them as in the West but to introduce a readership system. His suggestion is that an assembly of the illiterate villagers should be organized every row and then in the village school or temple and the village schoolmaster should read to them topics of all kind from puranic matters up to some of the modern subjects such as agricultural marketing and

economic reconstruction. Topics from news papers should be read out to them thus creating interest in them to take to reading of newspapers. Much work remains to be done in the villages and work without the appreciation and co-operation of the villager himself is useless. It can be seen that for a proper appreciation of these modern methods of work the villager must be educated. So no effort should be spared for achieving a rapid removal of illiteracy ignorance and poverty of the village folk.

Sir Alan Garret Anlerson says—We are told by men with great technical knowledge of economics and finance not only that currencies should be stable and that they will be untenable unless they are based on gold but that stable currency must precede stable trade. From this last contention I dissent—I think the two must come together.

Economic Notes.

The Budget under Fire

The Budget of this year is important for two reasons: one is the fact that Sir James Glegg is new to the task, the other is that the Congressmen are there to give battle in the right royal fashion to the Government. It is no matter for surprise that the Government are defeated on every important item. That the Budget will be restored by the Viceregal Certification brings out only more clearly the fact of the impotent nature of the existing reforms.

Sir James Glegg has shown himself a true follower of the old doctrine of *laissez faire*. We have not concealed our regard for the new Finance Member for having begun in however small a way to put his ideals into practice. But then we are afraid that the economic ideals of Sir James do not fall in with the economic realities of to-day. Without entering into detail we have no hesitation to remark that *laissez faire* is now dead as Queen Anne. To a country like India, predominantly agricultural and thirsting to become industrial, the old doctrine may prove a halter round her neck. It is unfortunate that at this stage of our country's evolution she should have a man with ante-diluvian ideas to manage her economics.

This aspect of Sir James' economic policy came well to the front in his reply to Pandit Govind Ballabh Pant's speech. We paid here to pay our unlimited tribute to the ability, courage, patriotism and sturdy independence of the Deputy Leader of the Congress Party in the Assembly. His speech contained very sound ideas of economic reconstruction. In fact the talk of Mr. Pant opened out the possibilities that lay before that politician to make a mark in our Central Legislature. Professor K. T. Shah rightly says that Pandit Govind Ballabh Pant reminds one of Gladstone and Gokhale while they talked on financial and economic problems. To this real contribution to the debate by Mr. Pant Sir James made a lame and ineffectual reply. The old Swarajist Party had to encounter the great intellect and remarkable personality of Sir E. D. Blackett. But the present Congress Parliamentarians have to contend with a gentleman who lives practically in the Victorian Era. The agreeable complacency of that affects Sir James Glegg too. It is regrettable that while India needs a vigorous and dynamic figure to guide her, she should have her

economic power rest in such a man as Sir James Glegg. India is a country of chronic depression and the policy of drift which the new Finance Member will follow will lead the country to inevitable ruin and disaster.

What then are the plans of Sir James Glegg? As the *Commonwealth* writes: "a lever for the restoration of the old free trade system in the world and for the inter-national factors coming to resuscitate the ailing economic system of India. In the meantime he will proceed with a cautious and watchful policy tinkering here and there."

There, Father Sir James, is the full orant of the reality of the situation in India and the world our side or otherwise he temperamentally incapable of initiating a resolute economic policy. His lack of quite appreciation of the economic requirements of the country and of a sympathetic approach to its problems is what is to be regretted most.

Some years back an audacious Secretary of the challenged India to produce a constitution for India. A committee consisting of first rate constitutional Pandit Mohanlal Saxena and Sir Tej Bahadur Sapru drafted home which had no more attention from Government than any other document. Speeches that come from the Indian side without such a challenge a great sense of duty and a keen sense of patriotism have inspired that remarkable man Sir M. Visvesvaraya to produce an adequate book, a scheme of national reconstruction. In discussions in the Legislative Assembly many pointed references were made to this book of Sir Visvesvaraya at one stage.

Bhulabhai Desai commended this book, the Government of India. But it must be change of heart such as Mahatma Gandhi gives for that can make the unlined bureaucrats respond to such appeals. For as the P. Hon. V. V. Srinivasa Sastri said on a great occasion, generous national aspirations, noble political ideals do not thrive in official bosoms.

FEDERAL FINANCE AND MYORE.

At the annual meeting of the Mysore Civil Services Association, Mr. V. L. D'Souza Professor of Economics in the Mysore University read an able paper on *Federal Finance*. After remarks of a general character, the learned Professor referred to the entry of

Mysore into Federation and its financial implication. He said

In terms of actual cost the Mysore State must be prepared on entry into the Federation to pay the Federal Surcharge on Income tax if it should be levied by the Federal Government and also to continue to pay the subsidy unless His Majesty chooses to write it off immediately. Ten years after the Federation they will have to pay the Federal Surcharge on Income-tax if any, it may have to pay the subsidy unless it is written off wholly or partly as a result of the improvement of the Federal Finances making it possible to return the prescribed amount of income-tax to the provinces, it will have to pay the Corporation Tax to the Federal fisc. Twenty years after the Federation the subsidy will have disappeared altogether and the Mysore State will have to pay only the Federal Surcharge on Income-tax if any and the Corporation Tax. On the present basis the yield of the surcharge on income tax will be about Rs. 4 lakhs and the Corporation Tax about 1 lakhs, the amount of the subsidy being Rs. 2½ lakhs a year.

In a word the financial burden to Mysore depends upon when and how much of the subsidy will be written off for the revenues of the State being meagre and inexhaustible and all too insufficient to meet the demands of a progressive State the cost of the Federation in the shape of additional taxation is, the surcharge on Income tax and the Corporation Tax can only be met out of the relief obtained through the remission of the subsidy. It is assumed of course that these are the only two federal levies on the resource of the State and that Mysore under the Federation will continue getting a share of the excise on petrol, matches and sugar.

INDIAN INSURANCE

The Indian Insurance Companies Conference which met in March had some important problems to solve. The problems are not new to the Conference but they are undoubtedly important. The clamour for a more organized control of Indian insurance companies and for protection to Indian insurance is everywhere heard. The Government are taking steps for the betterment of indigenous insurance companies and Mr. Sushil Sen the Special Officer appointed by the Government of India has just submitted his report. The conference is opportune for the Government and the public will be enabled to have the most authoritative opinions on these problems. Sir Chimanlal

Setalvali delivered the Presidential Address, rightly emphasised on the two points that are being talked about.

It is a pleasing sign of the times in this country that the Indian public are realizing more and more the utility and necessity for insurance. Still her position in the insurance is almost negligible. But as it is essential to have security of investment it is imperative that the Government should take steps to control insurance companies effectively. The recent Report of the Government of India's Actuaries amply confirms the instability of the native companies. When this legislation takes effect we have no hesitation that insurance in this country will have an increasing popularity.

With regard to the foreign competition, the remarks of Sir Chimanlal are well worth quoting.

'If only one goes through the kind of legislation that is prevailing in many countries in the world it would be seen to what great extent restrictions have been placed against foreign insurance companies. Restrictions take so many forms the central idea being to protect the indigenous companies from the competition of foreign rivals. In many countries these restrictions take the form of heavy initial deposits in some cases as high as fifty thousand pounds. Spain goes to the extent of taxing the world wide profits of insurance companies operating in her land. Over and above this initial deposit the companies in America are required to appoint the American Bank as the trustees and under the insurance laws prevailing there all premia collected there must be invested in the securities approved by the Insurance Superintendent to meet the engagement undertaken in those countries. While Indian companies operating in those countries are subject to severe restrictions the Government here allow foreign companies free and unrestricted entry and operation enabling them to carry away huge sums in premia from this country. Granted we agree with all that Sir Chimanlal says and accept the need to protect Indian insurance. But then we have always held that insurance is one of the very few industries in which the consumers' interest must play a predominant part. If in the attempt to protect our companies insurance becomes costlier we think that it is a suicidal policy. Nothing should be done to kill in its baby stage the insurance habit in India. Consistent with this we welcome all attempts at Swadeshi in insurance.'

Economics of Sugar Industry.

Sugar Production

The Sugar Technologist to the Imperial Council of Agricultural Research has issued his first memorandum on the production of sugar directly from cane in modern factories in India during the season 1934-35. The nature of the data is circumscribed in character therefore we can only have approximate conclusions. The total quantities of cane which will be crushed in modern factories during 1934-35 is estimated at 68,70,000 tons as against the actual figure of 51,57,373 tons in 1933-34. The total production of sugar is estimated at 590,000 tons as against the actual figure of 453,965 tons in the previous season. The total number of factories working in 1934-35 is reported to be 142 as against 115 in 1933-34. The quantities of cane crushed and sugar produced show a disproportionately larger increase than the number of factories as several factories have increased their capacities by making substantial additions to plant and also as some of the new factories which worked for only a short period during 1933-34 will work for the full season 1934-35. According to the forecast published in July last the production of sugar (from cane and gur) during the cane crushing season 1934-35 was estimated at 657,000 tons. Allowing 40,000 tons for production of sugar from gur in 1935 the present forecast places the total production from cane and gur at 630,000 tons. The reduction amounting to 57,000 tons, is due to the cane having been affected by adverse weather conditions, floods, pests and frost in several areas.

Kanti¹ja writes in the *Financial News* a follows —

The total production of sugar during the season 1934-35 will witness a considerable decrease due to the poor quality of the cane and the short working season of the cane crop in the United Provinces and Bihar the most important sugar producing provinces in the country. During the beginning of the season the factories in the Meerut area suffered considerably from a very low recovery from their cane due to the attack of Pyrilla insect and Borer. The frost in January last also restricted the yield to a great extent. The prevalence of the Red Rot will also account for a great loss in recovery of sucrose and has affected also the total yield of the crop. The area under sugarcane cultivation has increased from 33,08,000 acres in 1933-34 to

47,10,000 acres in 1934-35 but the yield is only expected to be about 70,80,000 tons in comparison with 48,72,000 tons in 1933-34. The yield of sugar per acre is also expected to fall from 32,90,000 lbs. per acre in 1933-34 to 32,82,000 lbs. per acre in 1934-35. In Bihar a large quantity of gur is being manufactured and this has been instrumental in raising the price of cane—a factor in favour of cane cultivators. The production of gur is receiving an impetus from the All India Milling Industries Association started under the auspices of the Indian National Congress. It is likely that several factories will stop crushing during the first week of March due to the lack of availability of cane and the great fall in the sucrose content. During the year 1934-35 the sugar production from factories was expected to be about 409,000 tons but it is now estimated that the production will only be 390,000 tons. Thus there will be no danger whatever of overproduction of sugar in India in 1934-35.

THE BUDGET AND SUGAR

It is sad to note that the Government of India should be indifferent to a vital Indian industry. The industry itself has represented to the Government that the Budget figures require alteration. He has greatly underestimated the proceeds of the import duty on sugar and the industry feel that the proceeds from the import duty on sugar will be about Rs. 2½ crores more than the expectation of the Finance Member. In addition the decision was availed of by Mr. Bepin Behari Varma in the Legislative Assembly to talk on the future of the industry. His own province being a great repository of this industry it is but meet that he should deal with it at some length. He stressed on the need for efforts to improve yield. He described the unenviable plight of the sugarcane growers. He pleaded that the income on sugar excise duty should be utilized to rationalise this industry.

One point raised by the industry in connection with the Government's apprehension that the proceeds from the import duty on sugar will be less is worth attention. The Government apparently rely on the slight increase in the price of Java sugar. But Java is a most deceptive industry. The Java sugar Syndicate will change the price and its policy as often and as dexterously as possible. It is

necessary to keep our eyes wide open and take unusual measures of caution

MINIMUM PRICE FOR CANE

In the Bengal Legislative Council a resolution was considered to introduce legislative measures for fixation of a minimum price for cane. As the Jute cultivation has been restricted it was contended sugarcane cultivation may be encouraged in the United Provinces and Bihar and Orissa. But the Government spokesman was not in favour

of any hasty action. The number of sugar factories in Bengal is just now only three and if the Government of Bengal continue to show their sympathy towards the development of sugar manufacture industry in the Province it is likely that the industry will make rapid progress during the next one or two years under the impetus of the Central Government's policy of protection to the sugar industry. We endorse the plea of the Bengal Government not to agree hastily to fix a minimum price for cane.

Educational Notes.

By Venkatesa Sastry, B A , B T

Industrial Education.

In recent years a discernible significant change in the outlook on education. Not the minimum of knowledge but the maximum of experience as far as it is practicable to be given to the child is being advocated. The curricula of studies are to be framed not in terms of subjects but in terms of activities which can be provided to the child and mass instruction is to give place to individual work. In short the emphasis is being shifted from a purely theoretical aspect of education to one of an intensely practical character. However, educational organization in conformity with the principles thus accepted is not complete. The reform is coming about slowly no doubt but is one sure to come. India too is not too much behind the times in this respect. Steps are being taken to make education as practical as possible. Several provinces have already inaugurated their five year and ten year plans for a thorough overhauling of their educational systems. A new orientation of the content of education is rapidly proceeding for enabling those completing their studies to be able to face the problems of life.

Even on the popular side earnest desire for the proper adjustment of things educational is not waiting. Representatives of people and leaders of political thought are pressing for making education lead those who receive it to something worthy of the efforts made in importing this education and the money spent on it. They are demanding a type of education which after one has had it would lead him to the practice of a profession. In short industrial education is in great demand. Those in power are in sympathy with the aspirations of the people. The question of finance seems to come in the way of a rapid spread of this type of education. As the future of the

country lies in the development of large and small scale industries, skilled labour, technical men and foremen and leaders of industries, all trained in theory and practice of various professions in our own technical schools and colleges will be of great service to the country. The spirit of Philanthropy and the desire of the future well being of the country should prompt those with large sums of money to come forward with liberal grants for the establishment of technical schools. Factories already in existence must develop their Research Departments and start their own technical schools.

As a large mass of people in our country are ignorant and illiterate and an equally large mass of people are highly conservative there is a great need for intense propaganda to be done in favour of the spread of Technical Education. The Cinema Broadcasting Extension Agents and the Schools must be made use of for this purpose. The people are steeped in ignorance and poverty. There is partial unemployment among the Agricultural classes which requires to be remedied.

In a memorable speech delivered on the occasion of the inauguration of the Sir M. Visvesvaraya Water Works at Chennappa, Sir Mirza M. Ismail Kt. CIE OBE FRS, Dewan of Mysore speaking about the amenities of life available at Chennappa, appealed to the people to take to Technical Education. He said, "You possess all the really essential amenities of modern life. There is one more thing which you have got and which I must not omit to mention and that is also poverty grinding poverty. That is a Demon which you must drive out of your town and how to get rid of it is of course a problem, but it can be done. It can be done by hard and intelligent

will continue to purchase newly mined Silver until the price reaches 1 29 dollars per ounce or until the silver stocks reach one-fourth of the monetary backing in agreement with Congressional demand. Morgenthau is carrying out the mandate to the best of his ability. And this has meant a rapid rise in the world price of silver. Bankers in New York attribute this rise to Chinese, Indian and British speculators who have an acknowledged favourable position. But if the American Government announces a temporary suspension of its buying policy, the speculators would be checkmated. The probabilities are that such a change in policy is not in sight. The possible repercussions are to be found more largely in China and Mexico.

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The Indian Christians in conference at Moradabad have showed by their Resolutions that they are Indians every whit and not a mere sect. They plead for a large hearted political amnesty and urge that the proposed reforms fall short of the needs of the country. They demand a declaration of fundamental rights both as to the rights of minorities and the free exercise of their religious rights. The President's speech while it commended the working of the reforms and the desirability of modifications as may be required in the light of experience was highly critical. The omission of all reference to the Dominion Status, the adoption of bicameral legislatures for Madras and Bombay indirect Election in Bengal and Bihar in regard to second chambers and in all provinces in connection with the Federal legislature and the safeguards and special responsibilities came in for examination. The plea for weightage that the President put forward seems however rather out of place in regard to a community like the Indian Christians who are sturdy nationalists. It seems a pity that the British Cabinet should be wedded to a scheme which is so little supported in India.

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The pact between Russia and France shows which way the wind is blowing in Europe. It is stated to be to prevent and not to provoke war. That is good so far as it goes but will it have the effect of opening the eyes of Herr Hitler and his following? It did it would prove doubly welcome to many in Europe.

* * *

The Legislative Assembly has dissolved and the Council of State has had to agree to the certified Budget. The final scenes in the Assembly over the Budget were hardly such as might have been expected. It is regrettable that

the united appeal of Hindus, Muslims and Europeans produced no effect on the Government. The need for a certified Bill was hardly convincing either from a constitutional or a financial point of view. In a case like that compromise would have been the right thing. The Finance Member, a Free Trader as he is was not equal to being convinced in matters in which he had settled views with the result that the whole atmosphere has changed in the Assembly. But there is a silver lining to the cloud. The best commentary on the India Bill before Parliament to day is contained in the latest chapter of Assembly work in this country. If only the Cabinet had ears to hear and eyes to see, the Bill would be a new thing altogether.

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The All India Congress Committee met at Jubbulpore and *inter alia* reviewed the work of the Assembly Members. The propositions adopted about detainees and internees, which reflect prevailing public opinion fairly correctly, stressed the Congress attitude towards the Reforms Bill. These views and reviews apart, the Session is important as clarifying to some extent the attitude of the Congress towards the States. Sardar Vallabhai Patel made it clear that the Congress held that if it succeeded in establishing Swaraj in British India, Responsible Government would follow almost as a matter of course in Indian States. A little leaven leaveth the whole lump.

* * *

The Congress Socialists represent advanced views in the Congress but they have yet to convince the generality of people that they are in unison with the declared views and opinions of the Congress itself. Those who desire to be of the Congress should not go against its published doctrines and resolutions. That at any rate was the view propounded by Babu Rajendra Prasad at the end of the meeting. As Mr. Bhulabhai Desai put it, all Congress men must unite first in the national interests before they could talk of difference of opinions in regard to particular matters. Fundamental matters of policy should be reserved for Congress Sessions.

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The criticism of the New York *Journal of Commerce* that the effect of the 'farical' Silver policy of the American Government would induce even India to melt down the Rupees if the price of Silver rose to about

100 dollars per ounce is perhaps bound to come true. The market quotation bid fair to go to up to the immediate goal intended—129 dollars per ounce as it has the support of policy behind it. That is not so much to be worried about just yet as the demoralising effect of such a policy on American political life itself. A handful of silver mines may benefit from such a policy and the silver bloc may win through but what will prevent after that other vested interests to obtain similar public favours regardless of cost to America and other countries. The Mexican Government policy in preventing export of currency shows the line of action that countries

with a Silver currency are likely to adopt. The closing of the mints in India to the free coinage of Silver has been an old complaint and the present rise in the price of the white metal may help to raise the value of the Indian hoardings in it. The attitude of the Indian Government thus far has been one of neglect towards the old Indian complaint and it remains to be seen what will be its policy to day—*is a* American policy. Will it allow the free export of Silver as it has been of gold thus far despite loud and persistent protests in and out of the Assembly.

Topics in the Journals.

Collapsing Dogmas

Professor Gustav Cassel the eminent Swedish economist is a most clear headed thinker. The simplicity of his expression the directness of his attack and the clarity of ideas amply testify to the extreme lucidity of his mental stuff. It is characteristic of Professor Cassel that he has not mistaken the abnormality of the present economic situation to be anything organically connected with the current order of things. The inability to produce or to employ labour power and the amassing of unreasonable profit by the capitalist are the two criticisms ordinarily levelled against capitalism. Here is Cassel's answer which speaks for itself. We would on as that we do not like to add to what the distinguished economist has written. The extracts are taken from his contribution to the *Sen la Dag la*.

In recent times however diverse statistical material has been brought out which permits us to throw a decidedly clear light on the main characteristics of the actual economic development. Especially has the very comprehensive economic statistics of the United States been of decided value in this respect.

During the thirty year period from 1899 to 1929 the American manufacturing industries increased the number of its workmen by about 3,000,000. In per cent this means an increase of almost two-thirds. The figure to be sure is not absolutely reliable since the field covered by the statistics has been somewhat changed. It is most likely to be too low and in any event it seems fairly certain that relatively the increase has somewhat exceeded the increase in population during the same period. In general the manufacturing industries have therefore been able to provide employment for their proportional share of the increase in population. Naturally there have been fluctuations and it has been especially noticeable that after an abnormally great increase there has followed a reduction. But the common notion that

the manufacturing industry thanks to a continuous rationalization and the measures connected with it to save labour power must necessarily and continuously repel workmen is shown to be unfounded. As far as the United States is concerned. As a matter of fact the manufacturing industries have been able to take on annually on the average considerably more than 100,000 workmen a year which certainly must be recognized as a decidedly admirable achievement.

The productive capacity has been estimated to have increased from 100 to 109 for each worker. A very decided increase in the productive efficiency is therefore being achieved. Together with the increase in the number of workers this gain in efficiency is brought about an increase in the total production measured as an increase in value by manufacturing from 100 to 311. The resulting production is therefore been more than trebled during the above period and the manufacturing industry has thereby made a handsome contribution not only to the necessary support of a rapidly increasing population but also to an improvement in the standard of living.

Figured by the year the number of workers has increased by 1.6 per cent and the production per worker by 1.6 per cent. Consequently there has been achieved an annual gain in production of 3.25 per cent. This figure probably corresponds very closely to the general speed of progress of the American social economy but exceeds very decidedly the average rate of progress in the Occidental countries which is usually estimated at three per cent.

We therefore find that a typical capitalist social economy has not at all as claimed by current notions lost its efficiency because of lack of "planned economy" whether in ability to produce or to employ labour power.

Another criticism which is usually aimed at the capitalist order of society and particularly against the development in the United States is that the large enterprises amass an unreasonable profit at the expense of the public with the result that the purchasing power of the latter decreased and that the enterprises cannot find any other use for their profits than to increase still more their productive capacity.

for which an adequate market is lacking. Statistics show that after payment of taxes the net income of the combined corporations in the United States constitutes a very small portion of the companies' total gross sales revenue. The price tag for the years 1919 shows an increase of 10 per cent and in general does not exceed this figure. It is hard to see how the companies could be satisfied with a lower average rate of profits on what they have to sell. That it has been pressed down as far as that depends naturally on the heavy competition which always makes it necessary for some enterprises to sell their products below the actual costs of production. One must of course be careful when drawing conclusions from such a fragile figure. But they do not fail to show with certainty that there is no foundation for the current notions that the corporation profits are so unrealistically large that they must cause a thorough uprooting of the entire social economy.

During the boom period from 1924 to 1929 the total sales figure of the combined corporations increased by about 50 per cent a year which is a handsome but according to American conditions certainly not at all an unusually sharp increase. In the meanwhile the net profits varied from 3 to 15 per cent and 40 per cent of the total sales. These figures are quite sufficient to upset the doctrine continuously repeated throughout the world that the violent crises in the United States was due to an unnatural expansion of industry and a consequently enormous collection of profit. The cold figures now at hand show that there is not the slightest foundation for this whole doctrine which during five years has served throughout the world as the foundation for thoroughly erroneous explanations of the crisis and for the most unprofitable attack on our entire social economy.

The picture statistics of the development of American business enterprises show in general a decided advance where the capitalist ally organized enterprise that is to say the stock company has brought down their profit by an exceptional strong competition with each other to a minimum and thereby have transferred to the great masses of consumers the preponderant share of the fruits of progress.

With the crisis of 1929 there appears a very serious break in the development. But this break is due essentially to the bad conditions in the world economy which go back to the war and the war debts and above all to a complete mismanagement of the world's monetary affairs. The actual facts give not the slightest support to the contention that the world crisis reveals the worthlessness of the capitalist system of production. It is also unwise to interpret the crisis as a proof that production as a whole had previously been speeded up too much. The only possible solution of the great social problems is that production be permitted to develop at the pace it followed before the world crisis. By letting production stoppage the exchange of goods and putting enterprise under guardians we shall never create any prosperity. Despite the enormous progress attained during the present century the world supply of goods at the outbreak of the crisis was entirely too scanty to enable the peoples to live at what is nowadays considered to be a decent human standard. We must again begin a strong increase in production preferably at the pace set by America before the crisis and we must steadily go ahead along that line in the assurance that this is our only possibility to fill an approximately the demand of the future for prosperity.

The Townsend Scheme

Mr. Walter Lippmann the distinguished American writer on Social Sciences has attempted to discuss the short cut to Utopia which the Townsend scheme pretends to be. In the *Ma'r'a Mail* Mr. Lippmann writes as follows:

Dr. F. F. Townsend of Long Beach, California has invented a scheme under which he says that "humanity will be forever relieved from the fear of destitution and want." Mr. Mark Sullivan thinks that Dr. Townsend has obtained twenty-five million signatures to petitions for his scheme and that the United States Congress may be driven to adopt it because the American people will not have enough common sense to see what is wrong with it.

The Townsend plan is very simple. It proposes that every man and woman over sixty years of age shall stop working for good.

That the Federal Government shall pay each man and each woman over sixty a monthly pension of \$200 provided first the pensioner is not an habitual criminal and provided second that he or she will take an oath to spend the whole \$200 within thirty days.

That the cost of the pensions be raised by a general sales tax.

Dr. Townsend believes that of the 10,000,000 persons eligible for the pension, 8,000,000 will apply for it. At \$200 a year the annual cost of the Townsend plan would therefore be about \$1,600,000,000 plus the cost of administering it or about twenty billion dollars. This sum has to be raised by a general sales tax. Retail sales this year have been about thirty billion dollars. So the Townsend plan would have meant that for every dollar any one spent in a store this year he would have had to pay an additional seventy cents tax.

Thus for example a ten cent loaf of bread would have had to cost seventeen cents, a twenty-cent gallon of petrol would have had to cost thirty-four cents, a six hundred dollar car would have had to cost over a thousand dollars. A man earning fifteen hundred a year would have had to give up about six hundred dollars of it in taxes. Persons on relief now receiving on the average \$75 a month would have had their purchasing power reduced to \$15 a month. A disabled veteran receiving a pension of \$40 a month would have been taxed until he had only \$30 a month to spend. Even Dr. Townsend's pensioners would not have had \$200 a month to spend. They would have had less than \$120 a month for more than \$80 would have been taken in taxes.

Anyone can figure out for himself the minimum that the Townsend plan would cost him. He has only to subtract about two fifths from his expenditures. For every \$100 he now spends he would under the Townsend plan have \$60 to spend. The rough arithmetic of the matter is as follows: \$200 plus 10 per cent tax on \$60 equals \$180.

Why then does Mr. Townsend think he has found a way of making everyone richer? His argument is as follows: If the 8,000,000 persons over sixty who are now working for gain would stop working there would be 8,000,000 more jobs for the persons under sixty. If at the same time these 8,000,000 would each spend \$200 a year they would create a tremendous demand for goods and labour.

That amounts to saying that if there were fewer persons working and if those who do not work would

spend more the country would be richer. If that is so then why stop with pen onus of \$ 400 per person over forty? Why not \$ 800 per person over forty? Or \$10 000 per person for persons over thirty? What can be said against these proposals that must not also be said against the Townsend Plan?

Dr Townsends error lies in forgetting the simple truth that someone must produce the wealth which is consumed by the non-producers be they fantastically rich or the criminal classes. If Dr Townsend medicine were a good remedy the more people the country could find to support the idleness of the better off it would be.

Dr Townsend is in my opinion a public benefactor. He has succeeded in inventing a conundrum which reduces to absurdity a whole mass of ideas that have had great vogue during the depression. Some of these ideas are current in forms which make it harder to detect the catch than in the mind of Dr Townsend's scheme. They all however derive from the same notion on which is that if people work less and spend more they could be richer.

Businessmen have had the idea that they must curtail output and raise prices. Organized labour has had the idea that it could make work for all by reducing hours and raising wages. The farmer has been paid for restricting output. Now I do not wish to say that there are not specific industries in which in relation to other industries were once expanded. A clear case I think is wheat of which actually too much is produced and a sound argument can be made for paying a bounty on wheat farmers to help them in the transition to some other kind of farming. But the exceptions do not make a rule. If everybody tried to pay everybody else for producing the country would be bound to be much poorer.

The experiment has been tried and the country much poorer. In the depression men have been unemployed and factories have been idle and the goods have been produced. The depression is the most drastic limitation of production ever experienced. The population on relief is the largest number of people ever supported in the country. There were no truth whatever in the theory that nations can become prosperous by not producing. Then the depression itself should have made us roar.

Dr Townsend wishes to remove from production labour a paltry 5 000 000 persons. With the depression was going strong 10 000 000 persons had been removed from production. It did not make a prosperous country for a very simple reason. Those who still had jobs had to support those who did not have them. The wealth was produced and so the standard of living had to fall.

To say all this is not to say that a system of old age pensions is not possible and desirable. I believe it is. But in creating one let us have no illusion about the fact that every one who is pensioned is being supported by those who are not pensioned and it is necessary therefore to decide how the country can afford to be. For only produce labour can produce wealth. Idleness is a loss not produce wealth and those who do not produce are a drain on the wealth of the country and a waste of the national effort.

Family Planning in India

On the occasion of the celebration of the Malini Centenary on the 9th February in

Lucknow Dr Radha Kaml Mukherjee the well known Indian economist delivered a thought-provoking address on the need for deliberate planning of families in India. The whole address is full of thoughtful remarks and we have taken, and a true of the Secretary of Patna for the following extract.

During the last four centuries the Ganga Valley increased in population from about 5 to 15 millions, reaching to some of the world's highest records of rural aggregation. Forest meadows and marshes were all invaded by the plough and some of the latest in the East grazing ground are scarcely found. Yet the Ganga Valley sustains an addition to its human burden about 4 cattle per square mile, many of which are ornamental and inefficient at the up of the fodder that should have been reserved for the better cattle.

Due to population increase there is a continuous fact of saturation of holdings and in fact about half the number of cultivators in the U P Bihar and Bengal are working on under-zoned holdings. Irrationalization of the small cultivators not only from a long improved methods of cultivation to even from intensive farming. Since fallowing is to be excluded double cropping leads to diminishing returns especially where exhaustible crops like wheat sugarcane or cotton are grown. Thus any restriction of the U P Bihar and Bengal are now almost their double cropped areas. In the U P Bihar in 1911 and 1931 the average net cultivated area actually declined from 35 to 34.4 million acres and the double cropped area diminished by 6 lakhs acres.

The Malthusian Law of diminishing returns also operating by water which has become the limiting element in agricultural development is considerable. The Mutt Patah region faced the serious agricultural calamity due to the fall of the subsoil water level while waterlogged miasmatic waste expanded. North Bihar and Bengal are allowing up which were once prosperous agricultural areas. Herein about two fifths of the latter are covered with.

Not the serious menace of population. In India for several decades the higher classes are a victim of the dysgenic customs like rapid hypergamia, endogamy as well as of a natural paucity of females are also a rather sinister natural increase. Actual diminution is in the United Provinces. In the other hand the illiterate and backward are more numerous and threaten to swamp the cultured stocks. Especially the vast prosperous area in East Bengal and the West the most fertile social strata in India are fertile but nowhere the participation between fertility and ultimate greater than in Northern India. The deadly foreshadows a serious political and cultural crisis in Bengal.

In many of the congested districts in the Ganges Valley we find that a high percentage of the cropped area in a year of drought reduced fertility rate and increases the death rate while a decrease of cropped area in a year of normal or favourable conditions increases the birth rate and reduces mortality. The relation between birth and death rates appear to indicate another method by which nature safeguards population to balance. High birth rate tends to be followed up by high mortality though a high death rate tends to be followed also by a low birth rate. Further the fall in fertility and death rates all show

5 or 6 yearly cycles in the U P and are fairly synchronous with the cyclical phases of sunspot activity. Finally districts which have overstepped a certain abundance show a slowing of birth rate. Such decline is due to certain epidemics attacking the women of child bearing age and to a decrease of employment and local migration to reduce support in times of marital life. But the most important factor is malnutrition and unsuitable dietary which Sir John Megaw recently found was the rule in villages. The U P peasants suffer from millets and dry gram leaves for wheat, milk and vegetables with the inadequacy of vitamin E and also lower fertility in a drought year apart from its effects on fertility and resistance. That birth rate declines due to economic pressure, the population continues for long above its average abundance along with limitation of resistance to epidemics was never anticipated by Malthus though this is the best evidence of the reality of the Malthusian postulate check, even though both war and famine no longer scourge back population to a sustainable level as before.

There is very little cultural land in Northern India which is not cultivated or at least included in some one's holding. The double cropped area has in large regions been reduced as the holding cannot bear the burden of such a crop. Migration in recent years has been much reduced and overseas emigration is now negligible. Industrial development is still exceedingly tardy. In the U P out of 231 million workers at all occupations only a lakh are employed in organized industry. Fruit growing and market gardening cannot develop on account of defective communication and transport. Small scale trade and rural industries have developed as excellent substitutes to agriculture as a supplementary to it only in the hydro-electric zone. Meanwhile the peasantry in the absence of epidemics multiply headlessly. More mouths to feed also accompany more hands to work but the hands are idle. Malhotra emphasized the postponement of the age of marriage accompanied by strict continence. In India early puberty, infant marriage as well as low status of women who are so protected in some measure against hard work in the field by taboos encourage multiplicity of children.

There is no more paramount economic need in India than the education of the masses in family planning and this ought to be taken up widely and extensively through well organized rural propaganda using vernacular pamphlets and posters the message as well as the radio. The celebration of Malthusian century will fail in its purpose if the Malthusian law of population balance is understood only in colleges and universities while the attitude of the peasant towards the birth of children remains as it is aggravating poverty, unemployment and appalling waste of life and making more and more difficult of realization all schemes of social amelioration or cultural uplift.

Disequilibrium in Agricultural Production

That the present depression has hit the agricultural sector several times harder than the individual it is now common knowledge. It is also undoubted that the first step to recovery is to be found in re-estimation of the farming situation. However the present abnormal condition came into existence and how it can be remedied form the burden of a humble article

contributed to the *World Trade* by Mr. James F. Dixon, the Rapporteur for Raw Materials of the Stanley Committee for the Coordination of Production and Markets of the International Chamber of Commerce. To make it concrete and to appeal directly Mr. Dixon has taken wheat for study. The *World Trade* has rightly characterized it as a penetrating analysis of the world's wheat market.

There are economists who will not fear of the word overproduction, the theory being that there is no limit to consumption. But in agriculture at any rate it is obvious that consumption on power cannot expand indefinitely. Double a man's income and he will not eat twice as much bread. He may not increase his bread consumption at all. The agricultural crisis is essentially a crisis of overproduction on overproduction on meaning production in excess of effective demand. It is necessary to see how this overproduction has arisen as there are two main groups of producers whose interests have got to be reconciled. Any real improvement is to be brought about. There are on the one hand the overseas exporting countries, the United States, Canada, the Argentine and Austria. There are on the other hand the European countries and of course Russia. Before the War all these together formed a single world wheat market. The War divided them into two markets and out of this situation has arisen most of the trouble.

After the remarks of a general kind Mr. Dixon studies the relevant figures and writes that there was reduction of production in Europe in 1914. On the other extension of production overseas. But this was due to the abnormal situation created by the War. The way how this continuous accumulation of surplus affected the agricultural price and also the prices of manufactured production is, he says, well known. Why is this and what is to be done?

Why have agricultural prices fallen to a greater extent than industrial prices? In a normal way the consumer when he sees the prices of his products tending to fall reduces production and thus the law of supply and demand operates easily and adjusts the position. On the contrary the farmer's natural instinct when hit by lower prices is to increase production. He is enabled to do this because he can exist on the produce of his farm for years after he has ceased to be able to pay his debts. It is due to this that the non-payment of the farmer's debt will hinder production. The number of farmers in arrears with the payment of interest on borrowed capital is so great that a foreclosure on their property has become impossible.

We therefore are faced with the following situation: (1) An agricultural price level below the general price level which means that the farmer cannot pay his debts and cannot buy goods. (2) An industry where excess supplies do not lead to a material fall in price at any rate sufficient rapidly to reduce production in accordance with real demand thus piling up surplus stocks with no signs of increased unemployment to absorb them and no signs of reduced cultivation to remedy the same evil.

No one will deny that the dangers and difficulties

of a remedy by artificial means are great. It may even be said they are so great that the policy of *laissez-faire* is wiser. The reply is that the policy of *laissez-faire* has given the world four years of ruinous prices for the agricultural producers. There are two solutions of the problem: increased consumption and decreased production. No satisfactory method has been suggested for the former; only the latter, therefore, remains.

The Faith of an Economist.

Dr T. E. Gregory is an able economist whose chief claim to recognition is a striking mental vigour. His strength lies not merely in a vigorous mind but also in a certain boldness of thought which marks him out from the other economists. Rightly does he take to task his fellow workers in economics for not guiding the layman aright on the problem of values. In the *Independent* he writes:

A great many economists anxious to avoid disputes would be content to stop at this point. It has long been fashionable among them to assert that the realm of values is outside the scope of the science. The science cannot, for instance, it is said, ultimately decide whether "economic self-sufficiency" is better or worse than a world economy. If people choose to sacrifice some of the material gains resulting from the international exchange of goods for the greater satisfaction as it appears to them, of clothing and feeding themselves as best they can out of local resources the economist really has no right to impose his own standard of values upon them. If people choose to reduce the degree to which they might otherwise be well off by measures of this kind there is nothing more to be said: the economist cannot choose the final scale of values for society. Attractive as this attitude of mind I believe that there is on grave element of danger attached to it. Self-abnegation on the part of the economist can be carried too far; the negative attitude of requiring "to wait the kitchen recipes of the future" (a famous phrase of Karl Marx which his more enthusiastic followers might do well to ponder) ought not to prevent the economist insisting upon his right to state his scale of values, within the limits given him by his own science. Since resources are limited, what *ought* to be the policy of society? We economists ought to be under no illusion as to the willingness of mankind to listen to what we have to say unless our utterances happen to buttress the fashionable slogans of the moment—but let us, for the sake of our self respect, at least insist upon the circumstance that the *fact* of scarcity involves certain courses of action which are rational under the circumstances. If mankind insists upon following opposite policies we can legitimately describe such policies as *irrational* in the sense that they *increase* scarcity and thus intensify the miseries and poverty of mankind. Let us as economists avoid as anxiously as our consciences dictate any interference with the right of other to recommend policies which we regard as irrational but let us also insist upon our right to describe these policies in the terms which we regard as appropriate. I am convinced that nothing has done our science so much harm in recent years as the refusal to recognize that the *fact* of the economist is not exhausted when the technical "laws" of the science have been stated. Admittedly economic science is concerned with the facts of scarcity and their consequences. I claim for it also the right to criticize alternative

policies from the standpoint of whether or not they alleviate or intensify the problem of scarcity. I go farther and say that starting from the central *fact* of scarcity the economist is entitled to say what is the kind of policy most likely to reduce the existing quantum of scarcity. In doing so it is not necessary to use technical language or to appeal to considerations beyond the intellectual scope of the average man. My appeal is to common sense and that alone. Two considerations alone are required to be taken into account:

The first concerns production. No one doing anything for himself would believe that it is a good thing to take twice as long over the job as it really requires. No doubt there is self-deception and the desire to impress others with the difficulties of doing particular things which leads to all kind of humbug. But then, every sensible person realizes that it is unwise. No doubt persons employed by others are paid by the amount of time consumed and may find pay in the short run to dawdle over the job, but any every sensible person knows that if every one took twice as long to do a thing as it really requires output would fall off and we would all be worse off as a consequence. The desirability of doing a job in the best way and in the shortest time is therefore a common-sense proposition. Accepting this proposition as a universal rule of conduct is a method of relieving scarcity. But if this is accepted what becomes of self-sufficiency of the modern (and very widespread) prohibition of the use of up-to-date machinery? Of the perpetual attempts to interfere with the rights of women to work in this profession or that? Of the whole of the agitation against allowing coloured labour access to skilled trades? Of the Arvan madness in Germany and the anti-bourgeois complex in Russia? These are interferences with the personal fortunes of individuals are not only responsible for a frightful amount of human suffering when one is thinking of particular groups or races, they all detract from the amount of wealth which might otherwise be used at the disposal of mankind. We complain of poverty and do our best to perpetuate it by an appalling mass of restriction and interference—and this respect the dictators vie with the democrats and the left fingers with the reactionaries.

It is not part of the duty of the economist to complain of this collective madness of mankind. The second proposition relates to consumption. That infringement of personality which is also the condition of impoverishment in the field of production is paralleled in the world of consumption by robbing the individual to buy precisely the kinds and qualities of goods he desires. Every sensible person can see that if I am really allowed to get what I want the thing acquired brings me in a larger volume of satisfaction than if I am fobbed off with something else. Since production is in any case limited by the technical facts of the world order, the same volume of output represents a greater volume of satisfaction if it goes farther in reducing scarcity if that volume is produced in response to demand than if it is not. From all of which it follows that, even if we accept the limitation of the economic activities to a study of the facts of scarcity his study of those facts leads him to recommend a sort of world substantially different from the one recommended by the politicians of the area. The conflict between the economist and the politician now goes back some two and a half centuries: present policies are a guarantee that it is likely to go on for many years to come.

Recent Economic Publications.

The Employment Department.

Institute of Industrial Welfare Workers, London
Price 6d

The term Welfare Work is now so well established in current usage that it is perhaps difficult to give it up. But the choice of the term is somewhat unfortunate. On the one hand it has given rise to the erroneous idea that welfare work is just an embroidery on factory management and can be undertaken only by firms which can devote considerable resources for the purpose. On the other hand even amongst those that have undertaken welfare work, there is inadequate appreciation of its true nature and content, and the belief is held that all that it comprises is a group of activities to be carried on outside the factory such as recreation schemes, medical schemes, library and reading rooms, etc. Very few, indeed, have understood its real significance that it is an integral part of factory organization and that the most important function of the head of a welfare department is to make it possible for all workers to do their work in the most effective way. America has realized this fact more than any other country and with its realization has also jettisoned the word 'welfare' and adopted in place of it the term 'Personnel,' perhaps not a happy word. But whatever may be one's preferences for this term or that, the essential thing is the recognition of the fact that the welfare department in each factory is 'a definite link in the chain of administrative management and a factor in the plan of industrial efficiency.'

If this is so it becomes clear that in the sphere of its activities the welfare department is bound to come into contact with various other departments in the factory but there is one department the Employment Department, with which it is in an especial degree of intimacy and which indeed in every well organized firm cannot function except as part of the Welfare Department. The place of the Employment Department in the organization of a factory, its functions and its importance have been brought out in a vivid and realistic manner in this little pamphlet 'The Employment Department' which is a collection of eight articles reprinted from 'Welfare Work', a journal which is published in England by the Institute of Industrial Welfare Workers. The first is an introductory article bemoaning the lack of a considered labour policy "on the part of the majority of British firms and stressing the need and usefulness of an employment department. The second and third articles deal with the supreme importance of a proper selection of workers for different kinds of work, of the right men for the right places and bring out the important part played by 'Interview' in the selection of workers. The necessity for possessing accurate knowledge on the part of the interviewer both of the requirements of the various jobs and the methods by which the possession of the requisite qualities may be tested has been rightly emphasized. But the experimental nature of the interview may be gathered from the case cited by Miss Maman Blackett in which twelve salesmen all experienced interviewers, were called upon to judge between 37 applicants for a post of salesman. Each judge was left entirely free as to his method of reaching a decision. "It was found when the judgments were compared that one applicant was placed first out of 37 by one judge and last out of 37 by another while the ranking of the remainder showed all varieties of agreement and disagreement."

But this only brings into clear relief the need for closer study of the job and a closer study of the individual.

In the fourth article, the desirability of properly introducing the worker to his job is emphasized. Too often the new employee is left to find his feet and to 'pick up his job' as best he can and only the help of a kindly old worker saves the new entrant from misery and discontent. From an examination of schemes in existence in Great Britain, some of which lay emphasis on instruction and some on initiation, Mr. Finch outlines the sort of scheme that may generally be adopted which includes instruction in factory rules and factory amenities.

The fifth article in the series deals with the methods by which the work and progress of the employee are to be followed up. The employment department as such has no direct concern with the rates of wages fixed for each job, but it certainly must be interested in finding out whether the worker receives the wages which normally should be earned by him. If the wage sheets indicate his continuous failure to reach a certain normal figure, enquiries will have to be instituted. It may be that the job is unsuitable to the worker in which case a transfer should be effected. But transfers may have to be made for reasons not connected with the individual, but on account of a shortage of orders in one department and pressure of work in another. These transfers demand a clear explanation of their necessity for the workers' attitude towards the transfers will depend upon the manner in which they are sought to be made.

Promotion and Dismissals are the theme of the next two articles and Mr. Marshall puts the matter quite bluntly when he says that "British industry suffers enormous harm through the fact that men very often fails to get its just demand in many of our large industrial concerns." A proper promotion system cannot be carried out in any large concern without a fairly complete and efficient system of records and the eighth and last article in the series is devoted entirely to the utility and methods of keeping records in factories. Mr. Cole who has written the very interesting article on Dismissals points out by way of contrast that, while in America the bulk of the employers are in favour of giving complete control to the employment manager in respect of discipline and dismissal even the most enlightened English employers would only have the employment manager as a reviewing authority. The employment manager's function in England is in the matter of discharge something like that of the 'appeal court.' But whatever variations may exist in the methods by which workers are ultimately discharged, there should be definite rules safeguarding the workers against arbitrary dismissal. Nothing rankles in the mind of the worker so much as the feeling that he has been unjustly dismissed and the only way by which harmony and goodwill may be ensured is for a Works Committee to review and decide after the case has been fully investigated in the earlier stages by departmental managers. The series of articles reprinted by the Institute of Industrial Workers are intended to draw pointed attention to the scope and significance of welfare work and will be found to be particularly useful in India where there is so little understanding of its principles and features.

Marketing of Fruit

A Survey of the Marketing of Fruit in Poona by D. R. Gadgil, M. A., M. Litt. (Cantab.) and V. R. Gadgil, B. A. (Bom.), M. Sc. (Calif.) being Publication No. 3 of the Gokhale Institute of Politics and Economics. Price Rs. 2-8-0.

It is now well recognized that one of the most important ways of increasing the profits of farming is an improvement in the marketing system. The Royal Commission on Indian Agriculture has emphasized the need for a sound marketing system and the conducting of a survey of existing practices and conditions in respect of each kind of produce as a necessary preliminary to some planned action based on reliable data. The Government of India has just made a beginning in this direction and has appointed an officer of exceptional ability and experience as chief of such an organization who will soon have working under him a well organized staff of marketing officers for conducting a proper marketing survey of the different kinds of produce. The Gokhale Institute of Politics and Economics has forestalled such survey with commendable zeal and it is gratifying that this survey should relate to an important product like fruits and also to the trade in a centre like Poona which is noted both for the production and distribution of fruits.

The development of fruit cultivation in the country is one of the most promising lines of profitable farming and an improvement in the efficiency of marketing methods will act as a great stimulus to such development. The internal market for fruit is itself practically unlimited while for many kinds of Indian fruit a very profitable outside market can be developed provided improved and up to date marketing methods are adopted. The drawbacks in the present system in respect of products in grading, packing, transport, selling methods, and other phases of marketing are certainly in need of great improvement as disclosed by this survey. The record is full of much needed information on all these points and will no doubt be found helpful in the surveys which will soon be undertaken by the newly appointed official agencies. The recommendations which are all based upon the data disclosed by the survey are summarised in the concluding chapter and appear eminently sound and in most cases of urgent importance.

On the producers' side emphasis is laid on the growing of the choicest and better class of fruits and on the larger growers setting an example in the grading and packing of their fruit with care and in establishing distinctive personal brands. The need for growers' organizations is indicated generally to bulk produce and effect savings in transport as well as for the strength that union brings about in respect of their dealings with the selling agents, railway companies, etc. The abnormal railway freight is referred to as one of the heaviest handicaps and the onus of proving that trade does not suffer on this account is sought to be imposed upon the railways themselves. Charge levied by the commission agents comprises the familiar and comprehensive set of items ranging from a total commission down to charity and perquisites. Sale prices are analysed and the rather disquieting conclusion made that in many cases over 40% of the wholesale price is taken up by the charges which do not include transport charges to the retailer. If it is remembered that the retailer is to have his share before the fruit reaches the consumer it will be seen that a huge margin lies between the price which the consumer pays and the price which the grower obtains. Que-

stionable practices by the commission agents the chief among which is their acting as purchasing agents as well as also indicated are the need for legislation in respect of marketing on the model of those in other countries is emphasized. In respect of grades standards and packing, the habits of the consuming public itself require education and though it need not be tedious the disposition to look for and appreciate a better put up article should grow. The misloading of consignments by the railway staff and indifference and resignation with which this abuse is put up with is an indication of the attitude of the public in this matter and of the interest of the railways themselves in this important trade. Cheaper transport and efficient transport appears to be the most crying need. For it would appear that barring a few minor items the charges made by the various intermediaries like forwarding agents, commission agents, and retailers cannot be said to be very excessive if the trade risks in a perishable article like fruit are taken into consideration, but even these and the malpractices at the markets can be reduced materially when proper marketing legislation which no doubt will soon have to be undertaken is enacted. We may also refer to the stimulus afforded by motor transport to the sale of fruit grown in country to which the increasing bus traffic along our ordinary roads has been a great benefit, a fact which is true in our own neighbourhood also. The example of cold storage methods on ocean-going steamers for perishable articles and the revolution effected in the trade in such articles, an eloquent pleading for improved cheap and efficient transport about the best means of stimulating the trade in fruit. We have no doubt that intrusive surveys will soon be undertaken in respect of each particular kind of fruit dealt with in this general survey for grading markets, trade standards, containers and so on, but the cheapening of transport will remain the main objective to aim at. Subject to this main consideration we may remark that a great deal of leeway has to be made up if we have to approximate even partially to the methods of a well regulated trade in fruits. The sad story of an initial large scale attempt at marketing Indian fruits in Europe will when it comes to be known open our eyes to our woeful shortcomings in this matter. The increasing supports at very low prices of not only exotic fruit, but of fruits like oranges, grape fruits and the like from South Africa, Australia, California and even Japan threaten to remove this very profitable type of cultivation from the hands of the Indian grower while in respect of even the purely indigenous fruits trade can seldom expand beyond the immediate vicinity of the producing centres unless great improvements come about in all the factors of the trade to which the survey draws attention. The survey is therefore very timely and the authors deserve our thanks for the painstaking manner in which they have carried out the task.

A. K. YEGANARAYANA IYER

M. A. F. S.

Economic Readjustment in 1933

The third series of Bulletins issued by the Unclaimed Wealth Utilization Committee, Geneva, Edited by A. H. Abbati. Messrs P. S. King & Sons, 14 Great Smith Street, Westminster, London. Price 6s net.

Mr Abbati and his Committee have already won recognition at the hands of competent critics as doing a real service to humanity. They hold the opinion,

along with many distinguished economists that the great cause of the present depression is under consumption. With a view to doing propaganda work on behalf of their theory they have been issuing a series of bulletins. These are published in the form of small books. Two have already come out and the third is here offered to the public.

This book is made up of six bulletins. The first No. 1 of the series treats of the International Labour Conference of 1913, which the momentous resolution to have a forty-hour week was passed. Higher wages were demanded in spite of the opposition of the employers' delegates. It was adopted as it could contribute to reducing unemployment. To Mr. Harold Butler the Director of the I.L.O. the debate seemed to be in the nature of a repetition viewed from the industrial angle between reactionists and deflationists. In the opinion of Mr. Abbat (Committee the reduction of labour cost can only increase the excess of production capacity over sales and equilibrium. The direct effect of more punishing power for workers and the proposed forty-hour week is a move towards equilibrium between production and sales. There is little chance of the success of convincing employers that the proposed shortening of hours and raising of wages is a practicable proposition. A loss and until something happens so as to increase the demand for labour in relation to the supply that no dual workers are able to impose the shorter hours and higher wages without the assistance of a combination.

The next two bulletins deal with the reference to Gold that is evident by the attempt to raise a gold premium. Although the World Monetary and Economic Conference failed to do anything substantial still a keeping and decrease has been gained by the deal at a time as to be seen the American action. *4. Money and the Value of*

1918 is interesting and strikingly suggestive. The final phase of the economic readjustment is the battle with reactionary forces undertaken by President Roosevelt. The American position is the subject of two more bulletins. Our general conclusion is that President Roosevelt has done what a World Economic Conference should have done long ago. He has decided upon a programme to restore prosperity by raising wholesale prices by shortening hours and higher wages and by appropriate expenditure on contrivance. A better movement towards prosperity has in fact been initiated in the United States. The leadership is good and the American President is a hero.

The last bulletin—No. 6—examines the case of Tariffs. We would like our readers to read this bulletin carefully and intelligently. We have not read a more convincing discussion of this important question than here presented. The main arguments of Protection and of Free Trade which almost all students of economics know almost by heart are given but the side arguments are interesting. The Free Trade argument that imports create exports is sometimes exaggerated. The demand for price-cutting for a

“Even a Tariff” and for protection against boarding will come within this category. The demands for English Free Trade for Imperial Preference and for retaliation are the side arguments of the Protectionists. The test of the utilization of unclaimed wealth for which the Communist stand is applied and both Free Trade and Protection are found wanting.

On the whole a very useful and able set of bulletins. We have no fear that they will make an interesting appeal to all interested in economic recovery and economic welfare. In fact the sanity and sincerity of the reasoning are remarkable. We commend this book to all for study and action.

R V A



Books in Brief

Short Reviews of Recent Books

Toward Seizure of Power

By Vladimir Lenin. Vol. XXI of the Collected Works. In two Parts. Moscow: Part I. Lawrence Ltd. 33 Great Museum Street, London W.C.1. Price 10s. 6d. each.

Modern history records four events that have had momentous consequences on the life and thought of mankind. The fall of Constantinople in 1453, which used the birth of the great movement of cultural humanism in the Renaissance. The glorious and splendid victory of the human horizon which the Revival of Classical culture brought in its train has resulted in the extraordinary output of intellectual and spiritual literature, the great claim of modern Europe to greatness. The Revolution of 1789 gave birth to the great movement of democracy which has been named one of the greatest contributions of European civilization to social thought and activity. The other leading Liberalism. While the Liberalism that came to be established as a result of the French Revolution started the idea of liberty, equality and fraternity and compelled their practice in the social

ordering the concept of equality was taken up and worked to its logically extreme conclusion by the Russian Revolution. Except in the intensity of the horrors and even their extremity, the fundamental ideas of the two Revolutions are radically different. If not diametrically opposite. The fourth great event was the World War. The War and the Peace which followed but which in reality was the Russian Revolution. Savitri Sastry pointed out it is another war have challenged men's ideas and changed the radically shaking them almost to their foundation. An era of scepticism—philosophy as well as sociological was ushered in. The Great War and the Russian Revolution have both together created a chaos of the worst type in human thought.

Of the actual doings of the Russian Revolution though much has come to light much more is yet to come. The history of Russia long and even full as it is knows no more serene period than the three months of 1917—July to October within which was crowded a series of events which later history pleaded and shocked the moral sense of the

world. The new background of the Russian Revolution was supplied by Karl Marx and Count Leo Tolstoy. Karl Marx dreamed of the Communist State. Tolstoy dreamed of the Philosopher's State. It may seem curious how these two can be clubbed together as the uppers of the intellectual food to the Revolution. But the complete and unqualified Leninism of the then existing social polity in Russia by Tolstoy had an unconscious and conscious effect on the young minds that read him. But the concept of an instrument for working out the deals of Tolstoy is almost totally absent in his writings. It is the wealth of philosophical armaments. Naturally they had to turn to the execution of the ideas of Karl Marx. To all of them they had the extraordinarily powerful personality of Nicholas Lenin who carried out the task of making the Communist State a fact.

The two volumes contain letters which are a masterpiece of Leninism. The three notable months they give us a complete picture of the state of mind of the Bolshevik leader. Whether one may agree with Lenin's philosophy or methods or not, it can be said that Lenin's letters are a masterpiece of clarity and logic. Of these qualities there are ample proofs in the passages and the lesser evidence for the task of nothing else.

Only one thing we would like to note before we close. The sternness of the unbending doctrine of Marx was relaxed a bit by Lenin himself. He found that the cold abstractions of the rugged giant Marx will not do for practical politics. The fifteen years of the Russian history bears undoubted testimony to the utility of Leninism. We had some time ago the phenomenon of Prof. H. J. Laiberman allowed to lecture on Bolshevikism in Moscow. A reporter in the *New Statesman and Nation* spoke of the philosophical change in Russia. Mr. G. B. Shaw has declared that the Parisian experiment has become a monument to the inevitability of gradualism. A more striking evidence is the entry of that country into that League of Imperialists and Capitalists, the League of Nations. One day we heard the startling talk of the possibility of a joining France and a European War. It comes. Last of all comes the most remarkable event of February 1933—Tolstoy's announcement of constitutional reforms in Russia. Is Democracy dead? Is Communism permanent? No talk of preading? We wonder. We feel no wonder if in the course of a few decades the Nazism, the Fascism and the Communism appear to give place to the good old Liberalism and to the good old Democracy. We have no pre-emptive victory in Liberalism for the century. But like all great social transformations, Liberalism will have to change in detail to suit altered conditions. The fundamental guarantees of Liberalism will be needed more and more. The ongoing era of Liberalism is the only sensible and enlightening one. As culture spreads, enlightenment increases. There will be a great deal for the foundation and the philosophy. A great deal of the new a thor tar an forms of politics. In recent days there have been three main battle appeals to go back to the past. The Communist has written an extremely able, if thou it provokes a look on *Liberty to day*. General Smuts has written a letter to the St. Andrew's

University has already won a place with John St. John. In India the great philosopher S. Radhakrishnan delivered the most brilliant address to the Allahabad University. He has a clear call away from the barbarities of the present day. All these three at mind have worked almost simultaneously and lent the prestige and influence of their great oratorical and political and economic

R

Better Money

Monthly Bulletin of Monetary Reform. By Way of Monetization of Silver and a Fuller Use of National Credit. No. 1. The Managing Editor Daily Gazette Bulletin. Ka. Ach. Montagu de P. Webb. The defensible change on silver has now begun to carry on a more intensive propaganda for its remonetization. This bulletin is issued monthly and for the present it will be published gratis. The anxiety and the desire of Montagu to propagate the knowledge and to interest people in the theory are at the heart of this undertaking.

The bulletin in its editorial expounds its objects. There is no longer any room for doubt that the old system of money is the main monetary cannot content itself to support this view. A clear-headed man. It is true that monetary has played a great part in the bringing about the present muddle. But how can we hazard the unkind statement which is here made. Still we come all at empty at a solution of the problem. It is as important as anything else that demands prompt and early attention.

It cannot be the power of money to use vast resources of the world to ensure the material progress of civilization. No doubt on the sources has taken place. On the contrary, every nation and organization have multiplied their possibilities to such an extent that abundance of production has self-created new problems and together with the amazing material progress there comes a new recognition of the interdependence of nations and of the value of collaboration between them. Now is the opportunity to harness these new consciousness of common interest to the service of mankind. These words of truth and exhortation were given by His Imperial Majesty at the opening of the World Monetary and Economic Conference in 1933. Mr. Montagu has written the preface to the book. It is a tragedy of the calculations of the world in London the 19th June 1933 that these words remained the words of the King Emperor. We take an opportunity of endorsing the repetition of His Majesty's appeal by this Bulletin.

Mr. Montagu writes an article on *Ideal Money* in which we all know what it is according to him. He has drafted a popular petition that should be presented to the King Emperor to mark the year of the Silver Jubilee of his accession.

All of some important silver supporters given at the end of the Bulletin. It is an impressive list of great names. But we are tempted to ask why is it that silver is not having the attention and propaganda on its behalf which it can claim so many and such men on its side. Senator Boral, Dr. Nicholas Murray Butler, Dr. J. H. Hollander and Mr. Walter

Lappann in the United States the Pt Ho J S
 Anj M Colla x Mr F W Hrst the Rt Hon
 Sr Robert Hone Sur Bernard Malle Sr John
 Ma Iratt Sr John Wardla Mine a d Mr Harily
 W thers in F rope if the e nen are not able to
 remonst eilver e onler who ca It appears
 as if onl Sr Mo tie is spending sleepless nights
 and untiring lays n carrying on his s o with
 a fervour apostolic in chara ter and evangelical n
 tone If prty of i otre s cerity of conviction
 a l home ty of purpose sho ld crown a man with
 success no ose der es t better than th clasp
 of the hite metal

The Indian Cotton Review

For 1931-34 He rs Clu l Mehta & Co 51
 Marwar Bazar Bombay

This val able guide to dealers n India cotton is
 issued for the se e thime As a val t cont nes
 to be of great help to Indian merchants The problem
 of Amer can Ind an cotton and the jue n of
 the rse n the pr o f d a cot o are both re ted
 n detail n th s pan phlet

Adolf Hitler

By James Murphy Messrs Chapman and Hall
 Ltd London Price 6d

Mr James Murphy is an ardent admirer of the
 German Dictator He has placed before the reader in
 a short b t comprehend ve manner an extremely
 well written account of the rse and achievements
 of Hitler He has no word of criticism to offer agn s
 his hero It is perfectly natural to him t even
 in the htne s of thnes that Hitler should do all that
 he does It is leer prejude to offer any crt s n
 of the great Naz n M Murphy op ns

We have all ys held that Hitler and those of his
 type who lon na e the present day Europe are
 not of a new kind alto ether It s very much in
 his tor al evidence th e exceptional tron men
 have rse up on the chao of the age N th g
 lu moral a l nateral d generacy has given h k to
 such dictators Tyrau s of ancient Greece and
 Napoleon are h to al am ples of uch nen It

o wonder that I al and German y in a period of
 part cular stress y elded to the superhuman strength
 of the dictators Therefore there s o reason
 why we should treat such men as exceptional and
 that such men will d sapper under natural condit ns

Till the moder aces the world was not very much
 conversant w h any poltical praet e other than
 monarchy We h e not forg tten that in ancient
 Greece democracy ex ted we are not obv o s too
 of the republ s of some of the med eval civ ty
 But o large territory has been in a cent or med eval
 times anyth nvel e than a kingdom al o the problems
 of the e days ere of too mple a character to demand
 any ghly refined technique of poltica authority
 Therefore n pre modern period of his tor the
 natural thing wh n chaos reined was to be over
 whelmed by a man of unusual treneth of m n a d
 of character

This state of affa rs cont nued till we come o the
 formulat on of the democrat ideal n huana polity
 England as everybody knows was the first to become
 democratic France and Amer a followed sut
 Soon after the Great War some of the m nor coun res
 of Europe turned democ ratc The Prtsh Dom
 n ons adopted a full fledged denocratc form of govern
 ment So even to day t s not far to say that that
 ideal has ea ed to fa nate me Fx ept n those

coun tries here democracy was comparatively new
 there has been o breach with that firm of social
 polity

But the post War period is of an exceptionally
 exceptional kind Its problems are too complex ed
 to be easily solved The non democratic and the
 ne l democratic countries have turned to the help
 of the extraordinary man The democratic countries
 have struggled hard to maintain the r pol es and
 with the end of the great econom blizzard in sight
 and with the New Deal in Amer ca and the n r
 Deal that may come in England we trust that
 democracy is yet safe

Mr Murphy has compared Hitler with Mussolini,
 Kemal Pasha and Masaryk and has placed them
 all in one class What a m ead of facts and
 a m representation of men Mussol i is of course
 Hitler's elder brother But ly what sophistry of
 argumentation can we talk of the Czechoslovakian
 philosopher statesman in same breath with the
 abhorrable rattle rs and scaremongers in Sir S Radha
 kr hnan's express ve phraseology ve do not know
 And then as the reviewer has always endeavoured to
 po t out Mustafa Kemal Pasha s not to be clubbed
 with Mussol n and Kemal He alone among all
 the post Wa figures has caught the truest s ste man
 like spirit for he does ork of a wholly enduring
 nature unequalled and unrivalled in modern history
 His aim s to make democracy a sure and stable
 form of government n Italy With a well worked
 out scheme of economic reformat on he combines
 a gen us for personal appeal to make the Republic
 a reality and not a mere dream It is unhis one
 to reward Kemal as a mere prototype of Mussolini

Though we may not agree with the views of the
 author or his hero we w uld certainly recommend
 this book as a short and able expos t on of H lers
 life and work

R V A

From Wrong Angles

By Gaganhar Mehta Copies can be had of the
 author 5 A Chakrabare Road (North) Calutta
 Price Re 1-8-0

C L M s a quite popular figure in the pages of
 the India J n ece Who that has read his racy
 and humorous comments has not enjoyed them?
 Of course t s not all a mless humour It has a
 purpose t exposes the follies of the points of view
 a d pers ns whom t doe not like t conceals no
 rd le or contempt for them But on the whole
 th have al av formed enjoyable reading It
 a happy dea to bring hem into the form of a book
 For light reading after a heavy dinner or in the tram
 or the tram G L M ll never fail to be good

A Book of Indian Culture

By D S Sarma Messrs Macmillan & Co Ltd
 Mount Road Madras Price Re 1

It s a happy dea of Professor D Subrahmanya
 Sarma to have bro t together a select on of extracts
 from wr tings of d t nown Indians and Europeans
 who have r tten on Indian thought and culture
 This collect on is representative and good Dr
 Rab ndranath Tagore on Sakuntal Dr A B Ke th
 on the character t s and achievement of Indian
 Drama Sr Mon er Monier Williams on the Indian
 Epics Mr F B Hawell on Indian Art Mr F E
 Keay on Indian Educat on Mr E W Hopkins on
 on Indian Ethics Dr Tagore agn n on Greater India
 and Professor Sarma s own introduction to the

Bhagavad Gita—all form excellent reading. This is just the type of book that should be placed in the hands of our young students. We would recommend this book for non detailed study by our Intermediate students.

Indian Masters of English

Selected and Edited by E E Speight Messrs Longmans Green & Co., Ltd., 6 Old Court House Street Calcutta. Price Rs 1-6-0.

One set of scholars in India are of the opinion that no Indian writer of English is fit to be studied by our students in high schools and colleges. While we are contending that the opinion of this set of scholars is biased, in the case of the British scholar and a born of an inferiority complex, in the case of the Indian Scholar, we are surprised at finding a gentleman like Mr Speight making a profuse collection from a large number of writers into an anthology of English prose. Frankly we hold that the two sets of views are extreme. We do not believe that we have not produced first class writers in English prose, nor do we think that there is a plethora of them in this country. The selection made in this book omits some of the best men of modern India. It includes some of a distinctly inferior kind. We can only take it as a mark of over-enthusiasm and on the part of Mr Speight that this collection could have been made. We do not care for the contempt of the one set of scholars but we certainly do not want this sort of immoderate enthusiasm. We sincerely think that it is possible to make a much better selection—a selection which would startle the anthropologists of English prose in England and America. Still we welcome this book more as a token of the love of Mr Speight for this country than as a suitable text book for our schools and colleges. We would like to have our students fed on stiffer thought and nobler language.

Mubtala.

By Khan Sahib Khaja Khan. Copies can be had of the author, 69 Jani Jehan Khan Road Royapettah, Madras. Price Rs 1.

One sure way of appreciating a people is to acquaint oneself with the social literature of the people. Towards that end this translation of Maulana Hafiz Nazir Ahmed Khan's novel in *Hindustani* is a welcome publication. The Muslim home is a sealed book to many. To know it sympathetically one can confidently turn to books like *Mubtala*. We wish that more men help us to understand the Islamic home, as attempts are already being made to enable the stranger to appreciate the Hindu home. We thank Mr Khaja Khan for the good he has done to his community as well as to those members of other communities by translating for the benefit of all this novel, depicting the inner life of an Islamic family. The novel itself is sure to command a number of readers as the author Maulana Nazir Ahmed is one of the leading men of letters in Urdu. No wonder the story is well told and well written.

The ILO Year Book, 1933

Published by the International Labour Office, Geneva. Price 12s 6d.

If the League of Nations had done nothing else but create the International Labour Office it would have justified its claim to gratitude. For we know of no body of economic social reformers that have been

more unremitting in their labours on behalf of the millions of labourers all over the world. They have acted within the reach of all true and untarnished virtues of labour conditions in the various countries of the world. While particular countries are treated special treatises the Year Book is a valuable repository of information on all matters relating to labour. The book under review keeps the great institution this annual publication has always enjoyed. No social worker, no public man and no economic reformer can afford to dispense with this book, for it must be in their helms to guide them right and to serve as a book of reference.

The International Labour Office has been peculiarly lucky in its Directors. Mr Albert Thomas, one of the truest international minds of European politics conducted its affairs in an able and trustworthy manner for a number of years till his death recently. Successor, Mr Harold Butler is we are glad to see maintaining the high name attached to this great and honoured office. It was a problem to find a successor to Mr Thomas. It is good that Mr Butler justifies his choice.

India has a place in this department of the League of Nations. Sir Atul Chunder Chatterji has been associated with the work of this office in a prominent way. Mr N M Joshi that untiring champion of the Indian labourer at once sincere and sane able and liberal is contributing India's share to the solution of the problems of international labour that we meet up to Geneva in a way that enhances the esteem of India in the international world.

R.

An Introduction to Economic Theory

By Satyendra Nath Sen and Sir Kumar Das. The Modern Book Agency 10 College Square, Calcutta. Price Rs 4.

Messrs Sen and Das have done the students of India a great service by placing within their reach at a comparatively low price an exhaustive book on the theory of economics. The fundamentals of economic science are rapidly being recast and rewritten. To keep abreast of the recent developments in thought is quite a job for the ordinary student. It is good that he has placed in his hands a book that embodies the most recent researches which one is this book and therefore it is that we welcome it.

But we cannot refrain from mentioning that the book well done a little suffers from the defect of being scrappy. It requires a rare genius for condensation to write such a book. It is possible that the general reader will not find it so useful as the student, for while the latter will have the benefit of a teacher, the former will be left to his own resources. We would request the authors to enlarge the book, shorten the rather elaborate descriptions of the more generally known concepts in economic theory and discuss greater details the developments that have been made in recent times. It should not be difficult to produce a book dealing with economic knowledge like the *Outline of Modern Knowledge* (Victor Gollancz). But then it would require a syndicate of scholars to do it. The attempt is worth making in the interest of the student as well as of the general reader.

A V P

Three Master Etchers.

Being the Cantor Lectures on Rembrandt, Vermeer and Whistler. By H J L Wright. Published by

the Royal Society of Arts John Street Adelphi London W.C.2 Price 3s 6d

We are glad to receive the copy of Mr Wright's lectures on the three great painters which evoked enthusiasm and admiration when they were delivered. The Royal Society of Arts have always laid the public under a deep debt of obligation to them for the rare series of lectures which they arrange. This publication will help those who had not the pleasure of hearing Mr Wright to read the excellent studies of three such painters as Rembrandt, Vermeer and Whistler.

Short History of the Indian People

By Tara Chand M.A. D.Phil. (Oxon) Principal Kayastha Pathashala University College Allahabad Messrs Macmillan & Co. London Madras and Bombay Price Rs. 8-0

This is a well illustrated and up-to-date school history of India conceived on commendable lines by a teacher of experience and note. For a text book on modern lines this we think quite the appropriate one. The general reader will also find it both handy and helpful. The nature of the standpoint adopted by the author will be clear from the following sentence occurring in the Preface:—To understand all is to forgive all. Unfortunately the writing of Indian history has suffered a great deal from the lack of sympathetic insight and understanding on the part of many a writer. That is just so. Mr Tara Chand writes that he has made his history a history of the people for he stresses the life of the people. John P. Hard Green was the first to present English history on this footing and his satisfactory fact that Mr Tara Chand has kept in view that it is the people and not merely kings that make history. The stress on social history the material changes which have helped forward social advancement and the moral transformation that has come about are all touched upon by the author in a manner that is worthy of praise. From the point of view adopted the rise and fall of dynasties form but episodes in the history of the Indian people. That is a new line that deserves to be emphasized to-day. The number of maps included add to the utility of the volume. We would commend it for use in high schools all over India.

Rajendra Nath Mookerjee

A Personal Study By K. C. Mahendra The Art Press 20 British Indian Street Calcutta

Modern Bengal's profile of great men. In almost every field of activity intellectual and social she has made able and noteworthy contributions. Among them all stand out six—in the opinion of the reviewer—who can be marked out as first rate figures. The first of these are a great constructive genius, an extraordinary intellectual equipment and a dominant force of personal vigour. Swami Vivekananda the religious reformer, Deshabandhu Das the politician, Sir Asutosh Mukherjee the scholar and educator, Mr Rabindranath Tagore the poet and Sir J. Bose the scientist form with Sir Rajendranath Mukherjee the commercial genius the half-a-dozen first class men of modern Bengal.

Very few in this country take it into their heads to delineate life and work of great friends of the race. This is a great weakness of our mentality. Therefore it is that we welcome a publication like this as it is a close and appreciative study of a great man by his intimate friend. Mr Mahendra we are glad to

remark has not carried his hero worship to any alarming extent. He has kept it in full check, allowing us to form our own impression of the personality portrayed with a knowledge of private and public life rarely equalled. We get in this study a complete account of Sir Rajendra the man, however more lovable than Sir Rajendra the business man.

Very few in India combine sound patriotism with a sound business of these few Sir P. N. Mukherjee holds the foremost place. For none else has so completely improved his own financial position at the same time placing his genius and ability at the disposal of the country. Many of the public acts of Sir Rajendra are so near to us in time that we cannot know the verdict of history on them. Personal bias and political predilection often combine to vitiate our outlook and our views. The controversy of 1914 vs. 1916 ratio is not yet dead. In 1916 it was left to two of India's foremost business men to take divergent views. Sir Rajendra and Sir Puru Chandra Das Thakurdas. But this alone can be said at present that in purity of patriotism in a desire of country no one is the better of the other and both strive to serve the common motherland according to his best lights. Even to-day we find an undoubted patriot like Sir P. C. Ray championing the cause of 1914 ratio. Therefore it will not do to question the sincerity of Sir Rajendra's conviction all we willingly give him the great credit that is due.

To have been the unofficial adviser to successive Governors of Bengal is both a credit and may we say a discredit for many would ascribe this with some of the half-handed acts of the Government and the Government found him a conservative brain of the ablest type available in Calcutta. At no time it must be said did he lend himself to be used as a tool for the Government's overbearing acts and mistakes. He was a sworn enemy in his opposition to the Government when he found them to be in the wrong but like all fair and impartial men he never concealed his admiration for them when they did right nor refrained from giving advice whenever needed. Such men have a value and a part to play in the public life of a country which can never be discounted.

Temperamentally Sir Rajendranath Mukherjee was unfit for the turn out of political life. Of a shy and reserved disposition more keen on a notion than on words not desirous of publicity of fame he was better fitted to be than in the executive in the legislature. But even that he did not court for he found commerce more congenial to his genius and his less than political work of any type. Even he had his failures, are of contributions to public service. As a member of the Indian Industrial Commission the Transport Committee the Indian Railway Committee the All India Petroleum Committee and the Finance Commission on Indian Currency and Finance he did remarkable service to his country. Of all these Commissions and Committees he often took a line of thought of his own often he came into conflict with that of the popular politician. But his conscience was his guide and his motherland progress was his object. His Co-Operation Address to the Patna University and his Presidential Address to the Indian Science Congress are well worth a study for the wealth of experience that has been brought to bear upon the discussions of topics of paramount importance.

This book is excellently printed and got up as the Art Press is one of the best in India. But unfortunately there are no table of contents and no

index. It is curious how it did not strike Mr. Mahendra that these are essential to any book.

A V R

The Dhammapada.

Translated from the Original Pali. By S. W. Wijayatilake. Messrs. G. A. Natesan & Co., Publishers, Madras. Price 5 as.

Messrs. Natesan deserve the warm thanks of the public for placing within the reach of all this priceless treasure of Buddhist literature. It is no exaggeration to claim for the Dhammapada that it is as popular as the Bhagavad Gita. But it must be remarked that while the latter is a comprehensive treatise on philosophy, the former is but a series of admonitions to ethical perfection. We do not on that account, underrate the value of this book, for ethical perfection is synonymous with the highest spirituality. In fact ethics is the practical side of a philosophy of religion. We do not know of any other book that could be a better guide to an ethical life than these precepts of Buddha, for without entering into details, the Buddhist ethics, we venture to think, are a remarkable synthesis of idealism and realism.

Mr. Wijayatilake's translation is clear and pure, it is so eminently readable that one does not feel it a burden when most translations are. We hope that the English knowing public will buy this book and treasure it for constant reading and assiduous practice. It is an admirable companion to Dr. Besant's edition of the *Bhagavad Gita* also issued by this firm.

P V A

Shree Bhagvat Sinhyee.

The Maker of Modern Gondal. By S. Nihal Singh. The Golden Jubilee Committee, Gondal.

This bulky volume commemorates the services of a rare Indian Prince to his subjects for a period of fifty years. This book is to celebrate the Golden Jubilee of his reign. The motto of Shree Bhagvat Sinhyee is "Life be it long, or be it short can have no value for me unless I can be of some use to my people." A cursory reading of this work is sure to justify in the mind of the reader that he has kept his motto only too well before him and that he has put that ideal into practice with a faithfulness and sincerity, highly to be commended. While in earnestness and anxiety to do his best by his subjects he is to be classed with the best of Indian rulers in simplicity of life and of manners, he seems to be easily the best of them all. How we wish that we could have more Bhagvat Sinhyees in this country so that we may not be forced to remark so lightly of them as it is being done at present.

Shri Nihal Singh is a writer with a flash and a pen. He has proven all the life and work of his by the charm of manner which is all his own. We heartily wish that many in India—students of public affairs as well as politicians, Indian Princes no less than Indian States—subject—read this book both for enlightenment and for emulation. We have nothing but a whole hearted praise for the book and its subject.

World Affairs.

By Roch Allen. Messrs. D. B. Taraporewalla & Sons, Hornby Road, Bombay. Price Rs. 4.

We do not think that new writers could not be encouraged on the other hand we welcome young men of high and learning to contribute their

own quotas to the solution of world problems. Unity of opinion is as much to be commended as unity and wisdom. But where is there to be found, we are certainly in a dilemma. This book takes a series of essays on affairs of world importance, America, Japan, Germany, Austria, the war in the Irish Free State, the League of Nations, disarmament and War Debt—everything comes in the purview of Mr. Roch Allen, but to what purpose? We confess we do not know. A mere series of essays without criticism or reflection or touch to problems is, we fear, a purposeless task. It need not have been undertaken. The book seems to be in this it is proved to be such as R. A.

Essays.

D. M. Barmankar. The Central Co-operative Press and Publishing Society Ltd. India. An after-dinner reading or the last reading in a train or the train will be a pleasant change of these short essays of Mr. Barmankar. The author of these essays has the gift of easy writing. He is not that Lamb of God. He is one of his own. We are here as we are a subtle humor, a wit and a pathos, a sense of humor. Lamb is not his name, but Mr. Barmankar is the author of the foreign world and already to the world. The fact is that the English is a language of contempt, only when one is a foreigner in the English of that writer. The statement of fact and the truth is that we are to find that the language of Mr. Barmankar is simple and perfect. A. A. P. in a first-class. These are the first-class essays for a matter of the language have a fully avoided of the complications of Mr. Barmankar.

A V P

Cottage Industries in Bihar and Orissa.

By K. S. Panigrahi. Published by the author. Title Expert to the Government of Bihar & Orissa.

This pamphlet contains an article contributed by K. S. Panigrahi to the *Indian Review*. The article discusses the economic importance of cottage industries. Mr. Rao says that "the amelioration of economic condition of our artisans and the improvement of the standard of life of the population of our rural districts depends on the organization of cottage industries." The second part of the pamphlet gives an account of the types of cottage industries in Bihar and Orissa and the progress made by them in recent years.

Rural Reconstruction in Mysore.

By G. Padmappa. Comes to be had of the Public Library, Bangalore. Price Four Annas.

Mr. Padmappa of the Mysore Civil Service was the principal speaker at a series of meetings held in November 1934 to constitute the International Co-operation Day. He had already published a pamphlet on this subject. Further facts and views were expressed in his address which is here printed in the form of a booklet. Mr. Padmappa gives practical suggestions as to what should be done to remedy the three glaring defects of our rural life—namely, material poverty and over population. We commend this book to all workers and students of Indian rural economies.

The Indian National Congress

By F M De Mello B A B Sc Oxford University Press Rs 1 5-0

This is a handy account of the great Indian political association which has been in the public eye for years now Mr De Mello has done his task with considerable skill Not that every one will agree with his judgments on men and things but few will dispute that he has set down the facts with fairness Once the position is granted that you have to deal with organised masses like the Indian Congress what should be the attitude of the Rulers? That is a question that we can answer with some certainty with a book like this before us Mr De Mello concludes his book with this sentence 'Views in its historical perspective the Congress is an institution in which the Indian Nation largely its creation may take a legitimate pride One word more Books of this kind should not be priced above 1s or about 9 annas in this country if they are to circulate freely for the benefit of all including the author and the publishers

Religion and Politics

The Beckly Lecture of 1931 By the Rt Hon Christopher Addison Published for the Social Service Lecture Trust by the Fporth Press London Paper cover 1s 6d Cloth boards 2s 6d

To those who have been accustomed to a sort of cultural training of a deep type it is abominable that any cleavage can be tolerated between the various aspects of life Religion and Politics Philosophy and Economics are regarded as mutually contradictory and people talk as if it were necessary to abandon the one if we should have the other Why some go to the length of demanding a separation between even philosophy and religion One can as well demand that the body should be divided into various parts and then allowed each to work its own way Just as it is essential for the human body to have all its limbs and to have them strong the human personality needs to build up a harmonious whole to justify its claim to real existence In the earliest ages of man's history there seems to have been this all round development But the succeeding ages have gone back upon that golden mean and have come to narrow their outlook But in modern times the tendency to rebuild the whole life of the ancient is everywhere made This tendency is a marked feature of recent Euro American social thought and also in India We trust that this new lease of life which a harmonious living has now got will grow more and more powerful and ennobling and elevate man

Dr Christopher Addison takes advantage of the opportunity offered by the Social Service Lecture Trust to expound the principles underlying the relation between religion and politics as it obtains in England He points out unreservedly how the English Church has failed in its duty by the poorer classes of the English population Dr W R Inge who delivered the lecture under this Trust in the previous year made some remarks of a very disconcerting nature which have been rightly criticised by Dr Addison We do not want to go into all the points of attack on Inge by Addison we would only take two The ex Dean of St Pauls said

War is a gigantic evil and probably an unnecessary evil The churches may give their whole hearted support to the League of Nations because it is certain that the objects of the League of Nations are such as Christ would approve We are shocked at the lukewarmness of these sentiments Dr Addison

would have *must* for *may* in the last sentence We would also substitute *undoubtedly* for *probably* in the first sentence If the horrors of war and its un-Christian why Satanic nature are not clear to the great English divine, we are not hopeful of Christianity as an organised religion doing any good One other thing Dr Inge talks of the rightness of the Churches 'in following the lead of Rome in protesting against the horrible and blasphemous persecutions of religion in Russia We will with Dr Addison accept this and agree with it But in stopping there does not the speaker miss the vital point? The Soviet has been harsh and even cruel to the Churches Granted But has he not been more truly Christian in risking all to help the poorest the lowliest and the lost which helping has been carefully reserved by the Christian clergyman for soft and mellow sermons only? We are not enamoured of the Bolshevik philosophy or ideal We are Liberals and we have a firm belief in the potentialities of Liberalism for the good and prosperity of mankind But we cannot be so un-Christian as to be uncharitable not to recognize the relief of the suffering which the Russian has successfully carried out in practice

Dr Addison is one of the few men in English public life in whom reside a great mind and a noble temper We would appeal to all in England—politicians and clergymen—to read this remarkable book

Unavoidably the review of this book has been delayed We heartily apologise for the inordinate detention A V RAMASWAMI

Select Modern Constitutions

By N R Subba Ayyar M A The Sri Krishna Publishing House, Kumbakonam Price Rs 3

Mr Subba Ayyar deserves praise for bringing out this book It is not only well conceived and well written but eminently handy, timely and topical For a correct understanding of the Indian Federal Constitution now on the anvil this is just the publication that should be at one's elbow Among the constitutions dealt with are those of Great Britain, France, the U S A, Canada, Switzerland, Australia, the German Reich and the Soviet Republics The treatment of each constitution is lucid while the preliminary chapter deals in a succinct manner with constitutions generally and the structure of government Altogether a volume of great value and utility especially to be welcomed at the present moment

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The Ratio Question : A Lost Opportunity.

By P S Narayana Prasad, M A ,

Andhra University

On the fateful day of the 21st of September 1931¹ when Sir Samuel Hoare announced that it has been decided to maintain the present currency on a sterling basis the *Hindu* of Madras in a leading article wrote the following significant lines. It said that the fixing of the rupee in terms of sterling will not be a calamitous decision the difficulty will arise in regard to the rate.² The difficulty has arisen in regard to the rate and it remained ever since unsolved.

The announcement by the Secretary of State of the decision to link the rupee to sterling gave rise to hopes in the country that an opportunity has come for revising the existing rate and restoring what is widely held to be the natural rate of exchange for the rupee. The Hon ble Mr B K Basu that day in a press interview declared. The eighteen pence ratio is dead as mutton. Never was there a greater need for cool heads and courageous hearts. If the Finance Member shows that he has both he may prove that there is a soul of goodness in things evil. The Indian public was clamouring for a lower ratio. *It has got it*.³ Sir Chunilal Mehta President of the Bombay Commercial Association said.

The most relieved gentleman to day will be our Finance Member Sir George Schuster who from the time he took charge till to day has had an anxious time in maintaining the 18d exchange on the one hand and stand public criticism of that policy on the other. Such were the hopes raised in the country on the publication of Ordinance No VI of 1931.

But after three days the country was disillusioned by the publication of another Ordinance repealing the previous Ordinance. It announced no change as regards the rate of exchange. Ever since the ratio question

has remained untouched by a pair of words anybody that are responsible for the destinies of India's currency. But attempts have been made in some quarters to prove that the ratio had conferred untold benefits on India in a time such as this. But it seems to be reasonable beyond doubt to hold that fixing the ratio at that time at a lower level could have conferred still greater benefits.

To study the ratio question properly it is necessary however to study the situation it was when the Government abandoned the gold exchange standard for the sterling exchange standard. The prices of agricultural commodities fell greatly. The general level of wholesale prices in India which in September 1929 stood at 143 fell to 91 in September 1931.* This fall of over 36% according to any estimate is calamitous and is unparalleled by the fall of prices in any other country. But this whole sale price index also is no true index to the real situation. The major part of India's population which lives by agriculture fared worse than this. The index number of wholesale prices of agricultural produce in India which in 1929 stood at 134 fell by September 1931 to 78—a fall of 56 points. If the situation revealed by the index number is such individual commodities must have fared much worse than that also his fixed outgoing not having contracted

¹ This paper was written prior to the starting of the Currency League in Bombay and elsewhere and the introduction of the Reserve Bank Bill in the Assembly. Subsequent events however have not necessitated the altering of the conclusions herein reached.

² *The Hindu* dated 22nd September 1931.

³ In a press interview.

⁴ In a press interview. See *Hindu* dated 22nd September 1931.

* *Review of the Trade of India 1931-32* pp 3-4

correspondingly, he stood in need of immediate measures for raising the prices of agricultural commodities. It was at this juncture that the Government had decided to link the rupee to the sterling and continue maintaining it at 18d.

This action of the Government was seriously criticised, both for linking the rupee to the sterling and for having persisted in maintaining the ratio at its old level. The President of the Federation of Indian Chambers of Commerce styled the linking of the rupee to the sterling as "unwarranted, unjustified, most injurious to economic interests"⁵ and so on. Such strong language was given expression to by other critics also. But the linking of the rupee to the sterling is not so 'unwarranted or injurious', or 'unjustified', and most of the arguments advocated by them have lost their point.

It is argued by these critics that in being linked to the sterling, the rupee would be made to follow an unstable and uncertain career. They quote the opinion of the Babington Smith Committee, that Indian prices would have to follow sterling prices to whatever heights the latter may rise or in the alternative India would have to absorb some portion of such rise by raising her exchange. But the recommendation of the Babington Smith Committee proved to be no unmixed good. The linking of the rupee to gold, according to its recommendations, when England was on a sterling standard, only linked the rupee to the dollar and brought about violent fluctuations in rupee-sterling exchanges with inconvenient results not only to Government finances but also to Indian trade and commerce. Moreover, at a time when soaring prices are the exact requirement, the objection that rupee prices would soar, entirely loses its weight. What exactly we want is that rupee prices should follow sterling prices to whatever heights they may soar and to greater heights also.

Another objection raised to this procedure is that the increase in the sterling price of gold may deplete the reserves of India's gold. This will be dealt with in greater detail in the course of another article. That India's trade with gold countries would suffer on account of uncertainty would have been a valid argument if Britain alone was off the gold standard and the rupee was linked to

the sterling. At a time when about 45 countries have good bye to the gold standard the argument loses all its practical interest. Most of the countries with which India trades, the whole of the empire, Japan, and America, are pursuing currency policies of a rudderless nature, and at such a time to belong to a standard that commands at once the greatest prestige, and is clung to by many countries is economically more sound.

It is true that the depreciation of sterling has placed the exporters of the United Kingdom in a better position than that of manufacturers in countries still on the gold standard. Granting that the exporters of the United Kingdom ought not to capture a greater market in India, considering the high quality prices of the British manufacturers, since most of the countries have not lagged behind in the race for currency depreciations, this objection also has to be heavily discounted, if not to be totally rejected. The Dollar has crashed, the Yen was already too greatly depreciated and the depreciation of the pound has not been allowed to be the privilege that it was for a few months.

But a more sound reason advanced against the linking to sterling is that pointed out by Mr (now Sir) R. K. Shanmukam Chetty, that "irrespective of economic conditions, irrespective of the intrinsic value of our currency, the moment the economic conditions in England become propitious for linking of sterling to gold we will be automatically linked to gold".⁶ But that is to argue that because there is likely to be a danger in some future years, we are to forego in the meanwhile the advantages of not connecting ourselves to a standard that is conducive to our best interests at the present time, and also for some time more to come. If that contemplated trouble arises in future, the country, if it thinks, then, that that is not the best course to pursue, has to concentrate its opposition to such a move at that time. The anticipation of a future contingency, the likelihood of the occurrence of which is equally certain or uncertain, should not deter us from going along the best path open to us at present. If, in fear of a future danger, we allowed ourselves to be on the gold standard or no standard except the rupee standard, the consequences

⁵ In his wire to Mahatma Gandhi.

⁶ Legislative Assembly debates, dated 26th Sept 1931.

to our trade are dreadful to imagine. Our financial obligations to Britain would have increased greatly. Our prices like prices in countries still on the gold standard would have plumbed greater depths. Therefore even supposing that such an action will certainly be taken in future—which also is not unlikely considering the whimsical nature of the changes in Indian currency—the consequences of that move are bound to be less disastrous than the consequences of placing ourselves on any other standard now.

On the other hand to follow gold and raise the sterling value of the rupee would have been disastrous considering that the greater part of Indian trade is financed through sterling and that the sterling obligations of India amount to about £54 millions annually.

Apart from all these the practical working of the scheme demonstrated its utility. From September onwards the internal wholesale prices recorded a rise and while prices in countries still on the gold standard were moving down prices in India remained either steady or fell only by a few points. The decision therefore for the linking of the rupee to the sterling cannot be viewed as a calamitous one.

On the other hand it is open to question whether the Government's persistence to maintain the ratio at the same old rate was the best course to follow. It is still a debatable point whether the 1s 6d ratio is most suitable in normal times also. Almost all the objections to this ratio are very well known and need not therefore be repeated here. Of those objections many were no doubt exaggerated. But it is curious why the Government should have snatched the 1s 6d ratio which previous to its fixation was in existence for only a year as a god send in preference to a ratio that had been in existence for several years. And later events also demonstrated that the 18d ratio could not be maintained except by Herculean efforts. It remained weak almost all the time during the last five years of its existence.

In 1927 the very first year of its stabilization the Government had to take severe measures to keep it going. When the Imperial Bank of India desired to borrow rupees two crores in exercise of its privilege the Government charged interest at 7% so that the Imperial Bank rate had to be raised

till higher. Until this time monetary conditions were easy but this stringency had to be created for maintaining the ratio. The *Banker's Magazine* for March 1927 wrote the Government has changed its regulations without making any public announcement and it would seem that this has been one as a part of the measures to sustain the rupee exchange at 1s 6d for the rate had been showing signs of weakness latterly.

The Government is evidently determined to maintain the 1s 6d rate although the opposition to it is so strong in some quarters.

In 1929 also when the Government found it difficult to obtain sterling for remitting some charges it chose the alternative of raising the bank rate to exporting gold and again raised the rate at which it was prepared to lend to the Imperial Bank of India to 8% in the early months of 1930.

In 1930-31 also the exchange was pulling down despite the Government's efforts to pull it up. Since November 1930 according to the report of the Controller of Currency a distinct change for the worse had set in.

In 1931-32 also the situation was not good until the gold standard was given up. We have again the testimony of the Controller of Currency⁷ that money market had to be kept tight by large offers of Treasury bills at high rates to keep the exchange rate from falling to the lower gold point. In June and again between August and September the Government of India had to sell large amounts of sterling to maintain the rupee at the lower gold point.

That is the history of the ratio upto September 1931—none too encouraging for the advocates of the 1s 6d ratio. However there is the view of the late Finance Member that Government in their capacity as currency authority and in order to maintain stability of the exchange value of Indian currency have taken measures of the kind normally employed by currency authorities in all countries with stabilised currencies.¹⁰ But it would be pertinent to ask why the currency authorities should have thought

⁷ Quoted by Dr L. C. Jain *Indian Banking and Currency*.

⁸ Report of the Controller of Currency for 1930-31.

⁹ Report of the Controller of Currency 1931-32.
¹⁰ Reply to a question in the Assembly by the Finance Member on 3rd February 1931.

fit to stabilise the currency at such a rate in the maintenance of which they had to put forth such heroic and unceasing efforts in season and out of season. The comparison between currency authorities elsewhere and in India is not all sound because in other currencies there is scope for automatic adjustment in the exchange rate and the efforts at stabilising the currency taken say, by the Bank of England are necessarily different from those taken by the Finance Member in India where the rate of exchange is fixed at some rate supposed to be the correct rate by the Government and efforts are made to maintain that ratio irrespective of changed conditions or altered requirements. If some comparisons are misleading this is one.

But our main charge is not against this in particular. It may be correct or incorrect to hold that the Government is bolstering the exchange in order to effect their own remittances.¹ That is not the main theme of the present chapter. But the question is whether in view of the developments since 1929 it would not have been beneficial to have reverted to some lower ratio as a measure of relieving the agriculturists, merchants and exporters—in fact every body who is affected by the depression. Or to put it in another way was it desirable or not in the conditions as they stood on the 21st of September 1931 to depreciate our currency in order to bring about some balance between imports and exports and to relieve the country of the effects of the crisis? This question can only be answered in the affirmative if it is desired to give a stimulus to the Indian trade and industry and consequently also to relieve the Government. Theoretically currency depreciation stimulates exports and checks imports. Even recent history supports this principle. The exports in all countries during the last four years have declined. But the decline was substantially greater in the stable money countries than in countries with a slightly depreciated currency. If therefore in India also exports were to be given a stimulus there is no necessity to argue the opinion that depreciation of Indian currency was necessary. This seems to have been recognised in principle by the Government

also by their action in linking of the rupee to sterling.

But what has to be investigated is whether the depreciation given by linking the rupee to sterling at 18d was enough or Indian currency should have been depreciated more in order to restore normal conditions. Nearly four years have elapsed since the rupee was linked to sterling and we are in a position to study the effects of the working of the ratio and deduce certain conclusions therefrom.

It is advanced by the supporters of this ratio that it had arrested the fall of prices and had also improved them. Dr B N Kaul in a paper read before the 16th Indian Economic Conference tried to prove this with the help of the following table—

Period	Wholesale prices in India Sept 1931 = 100	Economic index numbers 18th Sept 1931 = 100	
		Complete index sterling	Gold prices
1931			
Oct	105.5	108.4	95.7
Nov	106.6	109.7	100.8
Dec	107.7	109.6	93.7
1932		108.3	93.8
Jan	106.6		89.6
Feb	106.6	110.9	
Mar	103.3	108.1	86.5
April	101.1	103.8	83.6
May	97.8	100.6	81.9
June	94.8	98.4	80.1
July	92.8	98.5	83.4
Aug	100.0	101.8	88.9

The conclusion that he draws from this is that it is noticeable that the Indian figures follow almost the same course as the complete index of the Economist. He further says that allowing for seasonal changes the fall in prices was arrested. We may have no objection to accept these conclusions if we also accept the method by which he arrives at them. He takes for base the prices as they stood in September 1931 and that is not the correct method to adopt. Rupee prices may have been identically progressive with sterling prices since September 1931. But there was a discrepancy in the amount of fall of Indian and British wholesale prices in September 1931 and if normal prices mean prices as they were in 1929 rupee prices have to rise a good few points more than sterling prices

¹ Sir G. Schuster in a speech at Indian Merchants Chamber on 4th December 1929. Quoted by Jathar & Beri: *Indian Economics* p. 372

so that it is no satisfaction to know that our prices followed the same course as sterling prices. The Calcutta wholesale price index in September 1929 stood at 143 while the United Kingdom price index at the same time was 135.8. By September 1931, the Indian index came down to 91, while the United Kingdom index number dropped only to 99.2. The drop, therefore, respectively, was, in round figures, 52 and 36 points, i.e. Indian prices dropped more heavily than British prices so that the amount of depreciation necessary in the case of Indian currency was much higher than that which is sufficient for the United Kingdom's currency. In the indices for Indian and British prices, even as they stood in September 1931, there was a difference of about (99.2-91) 8 points. Therefore to compare rupee and sterling prices and their rise since September 1931 is entirely misleading and capable of giving false conclusions. Even granting for argument's sake the conclusion that the fall of prices was arrested, it is no matter for jubilation. Prices, which fell to great depths, stand in need of being raised, and it is no great news to be told that the fall was arrested, specially so when all possible methods—or any methods at all—have not been exhausted in an effort to raise them.

He points out in a subsequent paragraph that the figures of gold prices show that they further declined during this period' so that, if our prices are compared with gold price indices the position is much better. He believes that the decline of 10% in gold prices was obliterated' and the reason for this, he thinks, is 'fixing the exchange at 1s 6d sterling." Here also it is possible to discover a flaw. The improvement recorded is due to linking of the rupee to the sterling and, whatever rise in prices occurred is only due to the depreciation of the sterling in terms of gold, and not due to the special sanctity of the particular ratio. A lower ratio would certainly have brought about a greater rise in prices nearer to the normal than what has been possible with this.

Again, there are two other considerations which point to the same conclusion. The rise in prices brought about by linking of the rupee to the sterling at 18d is more illusory than is apparent on the first look. *The Review of the Trade of India for 1931-32* gives the following table in which rupee prices were converted into gold prices by

allowing for the depreciation of the rupee dollar exchange against India

Period	India Calcutta Index numbers August 1931=100	
	Rupee	Gold
1931		
end of August	100	98
Sept	98.9	73.2
Oct	104.3	82.4
Nov	105.4	75.9
Dec	106.5	73.5
1932		
Jan	105.4	74.8
Feb	105.4	75.9
Mar	102.2	79.7
April	100.0	75.0
May	96.7	72.5
June	93.5	69.2

It can be seen from this that the rise in rupee prices recorded upto December 1931 was only 6½ points, while the gold prices fell to 73.5 or by 24½ points. But from December onwards the tendency of the rupee prices to rise has been reversed and by June 1932, it dropped to 93.5 while gold prices dropped to 69.2 or the gap between the two, which in December 1931 was roughly, 30 points contracted to a difference of only 22 points due to appreciation of the sterling in terms of gold. This shows that the advantages of linking the rupee to the sterling also are disappearing or at least they are greatly reduced. This tendency could have been counteracted only by resorting to a rate of exchange lower than 18d.

Another reason for rejecting this ratio is being too high is its inability to give a stimulus to exports at the same time checking imports. Since the setting in of the crisis in 1929, the fall in the wholesale price index of exported articles as it stood in June 1932 was 50% (according to the Calcutta index number series) and at the same time, the fall in the index number of imported articles was 22%. This demonstrates how the prices of exported articles fell much more heavily than those of the imports. So, there is need for raising the prices of export commodities by about 100% so as to be able to maintain the old volume of imports without encroaching upon savings. For this, the depreciation which may be obtained by merely linking the rupee to sterling, not lowering the exchange value of the rupee, is not adequate. For this

reason also, the lower rate should have been preferred.

It might be objected however, that fixing the rupee exchange at a rate lower than 18d would have been greatly harmful from the point of view of the Government. Even with exchange at 18d, Sir George Schuster had pointed out that, in view of the failure of budget anticipations additional taxation would have to be imposed. If the ratio were to be lower, the Government has to increase the taxation greatly. But where are the taxable resources? The possibilities of retrenchment also are not very great. The official Retrenchment Committees could not effect more than about 5 crores. The apologists of the ratio also point to the fact that short term loans of the Government, in the form of Treasury Bills outstanding at the end of August 1931, had reached the high level of 83.4 crores, out of which 65.5 crores were due for payment within the next few months, and say that this situation would be much worse in view of all these considerations if the Government tried to lower the rate of exchange.

All this is true when viewed superficially. But this is not the whole truth. Of course, the position of the Government with exchange at 1s 6d was perfectly sound. At the end of fifteen months after September 1931, the Finance Member could announce a budget with a surplus of Rs 2½ crores¹ at a time when no other country budget was in such an enviable, or rather unenviable, position. During these 15 months, Government reduced its sterling debt by £ 11 millions has increased its currency reserves by £ 11 millions and its Treasury balances by £ 43½ millions has repaid money invested by foreign banks in the Treasury Bills to the tune of £ 11¼ millions and had been able to meet all its current requirement of sterling. At a time when even in far richer countries like the United States the United Kingdom and France budget deficits became inevitable when interest and principal payments of debts became impossible when severe retrenchment had to be resorted to even by the Government of U.S.A., India a poor country with its taxation already inequitable with diminished incomes and purchasing power with a standard of living for her people that had already reached the lowest depths with no mitigating factor at a time of severe world economic crisis should have not only a balanced but a

surplus budget, should have reduced as much as £ 11¼ millions of her unproductive debt and should have achieved so many other miracles without any great reduction in the huge girth of her military expenditure, without any considerable retrenchment in her superior services, is a fact too good to be true. Yet it is true. There are only two probabilities by which this could have been accomplished. Either India should have got up one morning to find herself the richest and the most favourably placed country so far as her finances go, like the poet who got up one morning to find himself famous, or it should have crippled its already fallen trade taxed its producers and industrialists to an extent that may have been unnecessary according to any canons of reasonable taxation, in order to meet the requirements of Governmental finance. Since, to our knowledge, nothing of the former kind had happened it is only possible to conclude that the latter alternative was adopted.

It is not possible to feel convinced that the Government has taken all right methods of economising expenditure. While the military expenditure of British India whose ratio to its revenues is the highest in the world² has not been reduced to any considerable extent, while the Indian Civil Service as well as the other superior services have not come forward to undertake any proportionate sacrifice in incomes which the country has a right to demand of them, the major part of the five crores of retrenchment was attained by making sanitation suck its own thumb and by allowing the none too generous feed bottle of education to run dry. Greater retrenchment in the expenditure of the Government could have been enforced without an apology by the Government in any other country and would have been accepted without any demur by any patriotic servant. The repayment of the unproductive debt could very well have waited, the payment of money invested in the Indian Treasury Bills could have been met in some other way. India could have waited from increasing her currency reserves by millions and could have even gone to the length of drawing upon the help promised by His Majesty's Government to the Government of India in the declaration of

¹ J. Toynbee *Survey of International Relations*

the Prime Minister in the June of 1931 to meet its obligations in London to some extent at least. With these things, the country as a whole, the exporters and industrialists the agriculturist and the jobless artisan, could all have been given a much needed relief by lowering the exchange rate. But obviously, the Government did not choose this path. It preferred to save its own soul, and those that wish to save their own souls are incapable of saving the souls of others, and the country had been left to weather all the storm. How much the country has lost by such a procedure of positive harmfulness, is inestimable. Sir George Schuster, in course of his budget speech, made the observation that 'the more highly organised western nations may well take lessons from her (India) in this respect. We can only say that this is the philosophy of the fox that lost its tail.

Finally, there is one more consideration—that this ratio has been responsible for the huge export of gold which had come into existence since Britain had left the gold standard. Gold was running to the mints, according to the report of the Controller of Currency for 1930-31, even before September 1931. But, on the abandonment of the gold standard by Britain, the price of gold in terms of the rupee jumped up and gold in large quantities began to be shipped. In its

second interim report, the Gold Delegation of the Financial Committee of the League of Nations gives three reasons for movements of liquid capital. It says 'there has been a inevitable flight of capital from countries in which currencies have been inflated and a repatriation after stabilisation was achieved, capital has moved on account of political uneasiness from those parts of the world where the need for it was greater to countries where there was already an excess of funds. It has been attracted, not simply by the real profits of business, but by chance of quick profits from stock exchange speculation. Of these three reasons the first mentioned namely, the chance of quick profits on the stock exchange, is the only major reason operating in the case of gold exports from India. There are also other reasons such as gold having been sold for profit as the sale of other commodities by the producers did not bring any return or gold being sold for purchasing the necessaries of life in this case, the past savings having been drawn upon.

As for the first of these reasons profits have become possible as the external and internal values of the rupee diverged to buy gold in India and sell it in England. Dr B N Kaul, in a paper referred to previously, demonstrates this with the help of the following table—

Period	% depreciation of the Re in terms of gold compared with Aug. value	% depreciation of the £ in terms of gold compared with Aug. value	Difference between the % depreciation of the £ and % of gold and \$	Difference between the % depreciation of the £ and Re in terms of gold	Exports of gold from India in Lakhs of Rupees
1931 Sept	3.0	7.9	7.7	4.9	-2
Oct	15.8	19.8	19.8	4.0	856
Nov	17.7	22.5	22.8	4.8	831
Dec	26.5	31.2	30.6	4.7	1746
1932 Jan	25.5	29.6	29.5	4.1	908
Feb	23.4	28.9	28.6	3.5	743
Mar	21.5	25.0	25.0	3.5	673
April	20.4	23.1	22.8	2.7	412
May	22.2	24.5	24.2	2.3	323
June	22.3	24.9	24.8	2.6	479
July	24.5	26.6	26.9	3.1	606
Aug	24.7	28.2	28.3	3.5	439
Sept	24.9	28.3	28.4	3.4	.

In this table, the percentage of depreciation of the rupee in terms of gold and the percentage of depreciation of sterling in terms of gold, as well as in dollar, are indi-

cated. It may be seen that the difference between the depreciation of the sterling in terms of gold and dollar remained practically steady and small (column 5). But the

difference in the percentage of depreciation of the pound and of the rupee (column 2 and column 3) as seen in column 6 is very great and it may also be seen that the exports of gold increased with the increase in this difference and decreased as the difference declined.

This divergence between the internal and external values of the rupee says Dr Kaul is due to the fact that currency was not expanded sufficiently to depreciate the internal value of the rupee to the same extent as the depreciation of the pound. He proceeds: If sufficient expansion of currency had been carried out this situation would have been avoided or at least the amount of exports would have been greatly reduced. That conclusion is certainly correct but he did not explain why it was necessary for the Government to fall in line with this deflationist policy at a time when inflation was what was exactly desired. If currency is sufficiently inflated the internal prices would have appreciated much more. It is significant to note however that the worries of the currency authorities have ceased ever since the yellow metal began to be exported and the large purchases of sterling which the Government made during the last two years were rendered easy. If the Government knew that the exports of gold were due to this reason and if it also thought that the export of gold is harmful to the country it would have expanded currency sufficiently to avoid these gold exports. But the Government did not think them to be harmful. The elaborate defence of the gold exports by the Finance Member are well known. He had also opined that

India can go on exporting gold until the total quantities have risen to three times the amount of what has already been exported and still have more gold in hand than she had eleven years ago.¹³ If that is the opinion and if the gold exports have a

salutary effect on the exchange rate at 18d and if the Government persisted in a policy of deflation which created a divergence between the external and internal values of the rupee the conclusion is irresistible that the Government in its efforts to maintain the ratio had staked the country's gold.

The other reasons for the export of gold such as the low price of other commodities the sale of which brought a much smaller return as compared to the sale of gold and the exhausted purchasing power would not have brought about such huge exports of gold. The gold might have changed hands but would have remained to a great extent within the country itself. Moreover these sales could have been avoided if the agriculturist could get better prices for his commodities which again would have been possible only with a lower exchange rate.

Thus evidence is overwhelming to show how we have lost by not lowering our ratio at a time when it was urgently necessary. The various advantages and alleged disadvantages of linking ourselves to sterling have been reviewed and it seems reasonable to believe that sticking to sterling has not brought about any great harm. Then the advisability of changing the rate to a lower level is also considered and the evidence is conclusively for this change so that viewing the question from this angle which is as far as we are aware the correct angle (i.e. from the advantages accruing to the country as a whole) we are not in a position to appreciate the conclusion of Dr B. N. Kaul when he dismisses the consideration of the 1s 4d sterling rate as involving¹⁴ all the disadvantages of the 1s 6d sterling exchange with an additional depreciation of 11%. And additional depreciation combined with the advantages of linking the rupee to sterling would have been in the changed circumstances an excellent choice. But the opportunity was let slip.

¹³ Budget Speech 28th February 1933

¹⁴ *India Journal of Economics* p 458

Mr Walter Runciman President of the British Board of Trade recently said that in 1934 Britain imported more from Europe than she sent out. The position is therefore not unreasonable provided that the Continent gives us a fair deal according to our goods treatment not less favourable than that given to goods of other countries.

The effect of exchange controls is that in Germany and Roumania commercial debts to our people have piled up forcing them to adopt clearing agreements. The pernicious system of clearing arrangements compels trade to assume a bilateral form and is therefore one of the closest enemies of trade developments.

The World Situation.

By Dr Lanka Sundaram M A, Ph D (Lond)

The year 1934 was regarded as the year of pooled security. And as the present year rolled in great things were expected in the nature of a stable reconstruction of the political and economic fabric of the world. If the events of the past four or five months are any indication the year 1935 is bound to go down to history as the year of security unveiled. Everywhere there is an indication that a new war psychosis far more devastating far more fundamental than that which was in evidence when the world mobilised on that fateful day in August 1914 has taken the field. Alike in the political and economic spheres there is a serious undertone of uncertainty of a state of affairs perilously bordering on incorrigible conflict of a mentality of ring fence. In this article an attempt will be made to throw the world events of the past few months into bold relief and to subject them to a searching analysis.

Assuming for our present purpose that the League of Nations is, with all her imperfections typical of a new organism of international co operative living after which humanity has been hankering from ages immemorial it must be remembered that in recent months her stock has been very low indeed. In fact the idea has been very lustily canvassed whether the time had not come for the League to go into voluntary liquidation. There is not the slightest doubt that the entry of the U S S R into the League and the adhesion of the U S A to the International Labour Organisation are events of first rate political and social significance. These things have taken place very recently and are bound to permanently impress upon the Geneva organisation the utility of an association of a truly international character. But it is conceivable that these two events are liable to be lifted out of their true perspective and magnified into extraordinary values.

The fact of the matter is that certain world events have taken such a sudden turn that without either the full or partial entry of the above mentioned states into the League their individual national economies would have been shattered. Taking the U S S R we have to recognise the fact that her entry into the League of Nations has

created an unprecedented situation of an international character. A dictatorship of the Proletariat with the avowed object of creating world revolution against capitalist exploitation and a national economy which as for its original mainstay a negation of the principle of differential scales of wages or differential types of work intellectual and manual have conveniently neglected their own prestige and force and massed themselves in line with the traditional systems of Western Europe. This is the result of the truth of the principle that diversity makes strange bed fellows.

Limiting our observations to the present prospects of the League of Nations it is to be recognised that both Japan and Germany than whom the U S S R has no more inveterate enemies have withdrawn from Geneva and snapped their fingers triumphantly against the whole world. Between these two states which are like the blades of a pair of pincers the U S S R bound to be crushed beyond recognition.

The moral of Port Arthur is still there to warn the authorities at Moscow against any unilateral sanguinary impulses being created between themselves and Nippon. This is the reason why the Soviet Government hurriedly liquidated their interests in Manchuria by selling the Chinese Eastern Railway to the Manchukuo Government an appendage of that at Tokyo. The Leadership of the Orient has now definitely passed out of the hands of European Powers and of Russia into those of the Land of the Rising Sun. Nippon has no longer any terrors about the skirts of Moscow.

As for Germany the situation is far more grave than that involved by the Russian interests in the desolate lands of Outer Mongolia. Especially under the leadership of Herr Hitler Germany has given a direct challenge to the continuance of the Soviet system. Not that Nazism is any more trenchant in its principle or application than the Fascism of Italy. But Herr Hitler has unlike Signor Mussolini sworn war against Communism and the ignominious Reichstag Trial of last year is but a foretaste of the wrath of the Nazis of Germany who are out to exterminate communism and make the

world safe for Junkerism. As a matter of fact Moscow knows the ruthlessness of German hatred of the Bolsheviks. In any case the onslaught on Petrograd by the Ludendorff Army during the fateful weeks prior to the October Revolution is still green in the memory of even the stoutest of Bolshevik chauvinists.

The exigencies of the political situation in the Far East and in Western Europe have hurriedly and fundamentally convinced the co adjutors of M Stalin of the necessity for the Soviet entry into the League of Nations. In any case the ruthlessness of the ideological warfare which has been presaged by Herr Hitler is a sufficient guarantee that, without such a burning of the boats the Soviet ship of state is bound to sunder in the not distant future. Instead of courting disaster M Litvinoff has thought it prudent to pull off a commercial treaty with the U.S.A. a trade agreement with Great Britain and a treaty of military assistance with France. The circle is now complete and the Soviet which had remained till the middle of last year as the outcast of the world is now an honoured member of a group of capitalist states which have dug themselves deep for the impending struggle for self preservation.

As regards the U.S.A.'s membership of the League's ancillary body, the International Labour Organisation without any political commitments is a similar tendency towards the reversal of a known policy and dogma. For years together the U.S.A. has remained aloof from international commitments. When the late President Wilson attempted to bring her into the newly created League of Nations it cost him his high office. But with a growing recognition of the fact that she must either sink or sail with the rest of the world has compelled her to allow herself to be dragged into the world system. Notwithstanding the prevailing feeling that Europe has no use for her the U.S.A. collaborated with the Disarmament Conference by sending an Observer to its long but futile sessions, nominated a Judge to the Permanent Court of International Justice and became a regular member of the International Labour Organisation. The social value of the last mentioned event is unique indeed. The U.S.A. is noted for her individualism and unbridled freedom of competition under the protecting cover of the now discredited dollar diplomacy. By bringing

her national social system into line with that of the rest of the world the U.S.A. has demonstrated her goodwill towards the creation of an era of international social justice with comparable standards of life and living for the toiling masses and with a comparable system of legislative action and obligations if only for the preservation of her fast crumbling national economy. If Japan has backed out of the I.L.O. and embarked upon a closely reasoned era of merciless competition in world markets the U.S.A. has produced a reverse system of social action which is fast catching up the tendencies in the modern social world.

Apart from the lack of interest or sustaining power in the League of Nations events of the past few months have completely upset the Versailles system of an imposed peace. It has become the fashion in certain countries to roundly denounce Germany for her militancy and her utter disregard towards accepted ideas of interstate decorum. No one now stops to think of the developments in Italy under the able guidance of Signor Mussolini. His periodical utterances, which are of an entirely pontifical character, are but conveniently regarded as constituting verbal belligerency on the part of Italy. Even when he knocked the bottom out of the international system of collective security sought to be set up at Geneva, by declaring that war is to man what motherhood is to women, and sponsored a series of reforms for the better utilisation of the League of Nations—which are in themselves in direct contradiction to the first principles of the Covenant—the dovescotes at Geneva regard him as one of the essential though inconvenient pillars of the Versailles system. The virtual creation of Italy into an armed camp and the piling up of national armaments by that country were at best winked at. When he rushed his battalions to the Austrian border under the ostensible pretext that the independence of Austria has been threatened by Germany, the world Powers took no diplomatic notice but suffered the responsibility for a conflict being conveniently fixed on the broad shoulders of Mussolini. Further, the Italo-Abyssinian dispute which cropped early this year and which is still in a potential state has been allowed to be carried on in such a way as to leave the balance of advantage with Italy. Both the disputant Powers to this tangle are original members of the League of Nations and all

the frantic appeals of the mediæval kingdom of Africa for League intervention have been mercilessly neglected thus leaving no parity of negotiation between her and Italy. Meanwhile Italian legions are pouring into Eritrea and the Italian Somaliland and an organised espionage upon and jettisoning of the collective system of security is being pleasantly carried on by the Italian Duce to the pathetic indifference of the world Powers. When Japan unceremoniously swallowed up the Manchurian provinces and violated the territorial integrity of China by scrapping up a score of international covenants at least a loud protest was made and the Levant of the League of Nations moved in a certain direction, though to no useful purpose. But when Italy dances to the tunes of the War God the world Powers look askance. This is the moral of the world system of imperialism which has taken a firm grip of coloured and suppressed nations. Small wonder that at the time of the Peace Conference, Japan insisted upon the recognition in the Peace Treaty of the principle of racial equality, though she was unable to get it sanctified in that august document! This is the bearing of the Allied and Associated Powers who were able to impose a peace system at the point of the sword, and maintain it likewise!

Turning to Germany for a second and final time, we note that she has not only withdrawn from the League of Nations, but has deliberately scrapped the military clauses of the Treaty of Versailles. Germany is now the villain of the piece—the European political system. Her unfriendly critics want us to note that she introduced conscription, built a formidable air force and a powerful though modest navy as well. They warn us that with her increasing zeal for the restoration of ex-German territory including her colonies the process of demolition of the Versailles system would be complete. But they once again conveniently neglect the intransigence of France than which there is no greater *agent provocateur* in the whole of Europe in the cause of war. If security is the pagan slogan of France parity is the Teutonic *mantram* of Germany. If Paris is stoutly after the maintenance of a peace without honour, a vanquished peace Germany is out towards world domination if she can. This is the parallelogram of European strategy. In the balance, every thing indicates a state of defeatist ethics

which may at one moment or another bring the world to the brink of disaster.

The world economy of the past few months has also shown signs of deterioration in tune with the political situation but not necessarily connected with it. The *Zollverein* had always been regarded as the predominant economic phenomenon of the mediæval European system and the Hanseatic League its precursor. But with the growth of international competition for markets some of the worst features of these two mediæval organisations have been revived. For this World War is to be blamed. Without stopping to discuss the economic consequences of the Great War it must be noted that the world was divided into two halves—the haves and the have nots. When billions of dollars worth of goods were lent by the U.S.A. to the Allied and Associated Powers, no one recognised that after the conclusion of the War a day of reckoning would have to be faced. When the Reparations system was imposed upon a defeated Germany, few people realised that the margin of squeeze in that country would not be very wide and that commodity payments by Germany to the victor Powers would bring economic disequilibrium to the Powers receiving payments. Nor were the world economists aware of a remarkable change in the economy of some of the so-called backward countries as they understood them before the Great War. War time activity in these so-called industrially undeveloped countries has come to stay. This is the reason why India, fanned as she was by a strong wave of *Swadeshin* turned out to be a modest, nonetheless important, competitor of Lancashire in the cotton trade, even though she was a much valued customer of Great Britain for the consumption of raw materials for over a period of a hundred and fifty years. The industrial emancipation of the countries of the tropical belt has dealt a serious blow to the economic hegemony of European countries and of the U.S.A. And the emergence of Japan as a first rate industrial power has given rise to innumerable and knotty points in world economy. A low standard of living among the populations of the Asiatic countries has been alleged to be the prime cause for the gradual but fundamental deterioration of the economic prowess of the Western countries. Be this as it may—and such a statement cannot be deemed to be untinged with a tinge of

exaggeration—it is a recognisable fact that after the Great War world powers have come to recognise the importance of a new type of economic imperialism which is bound to stay. The emancipation of Asia, particularly the economic liberation of Japan, and the partial economic reconstruction of China and Asia, has created a series of new problems of importance to the economic prosperity of the Western countries.

When once the West has recognised the imminence of economic disaster at the hands of Asia, a new system of ring fence has been adumbrated. The British Empire has given the lead to this remarkable phenomenon and the Ottawa Pact has been ushered into existence. One expected, particularly in Great Britain, miraculous results from this British *Zollverein*. But events of the past few months have shown that everywhere the Ottawa Pact has been a thorough failure, to the extent that almost every dominion of the British Commonwealth has repudiated it. In fact, Canada has very recently declared to the world that Great Britain has not kept faith with her in the former's anxiety to achieve a new record of overseas trade in which the advantage lay with herself. As for India the Ottawa Pact and the subsequent Indo British Trade Agreement has been proved to be disastrous to our country. Even the Government of India Bill which has recently passed the House of Commons stage is another dig into the ribs of economic India. Even though there is temporary relief to Great Britain in the shape of an increased slice of the Indian trade this exacting system cannot last long. India's repudiation of the Ottawa pretensions is long overdue and is bound to come in the immediate future.

Alike with Great Britain, France has adumbrated a French Ottawa Pact throwing thereby a ring fence round the French colonial Empire. A greater measure of

success awaited France in this new venture, in that she has not to contend with ardent nationalistic forces as are pitted against Great Britain when she attempted to draw the Dominions into her economic fold. But neo nationalism is working fast even in these backward French colonies and what I have seen myself in French Indo-China has convinced me that in the not distant future the French colonies themselves would repudiate this new Parisian dispensation even in the face of undiluted martial law which is being maintained all over the French colonial Empire.

Turning to the U.S.A., we have to record the gigantic and frantic effort which is now being carried through with a view to the reconstruction of the nation's economy. Ever since the Wall Street crash of 1929, the proud face of American economy has been disfigured by numerous scars of vital character. There was paralysis on all sides and the Roosevelt Administration has introduced the "New Deal" which has come to attain special significance to every country in the world which is in the throes of economic disaster. Every one wished for the success of President Roosevelt and every one wanted to receive inspiration from the results achieved by the N.R.A. But it has been very recently demonstrated that all the hopes which were centred round the N.R.A. have been brought to the ground, alike by the innate complexity of the American system as by the strong opposition which vested interests have registered against the Roosevelt regime. To day, the economy of the U.S.A. is in grips with a critical situation. Its success alone can guarantee the maintenance of the Western system of civilisation. Otherwise, there is bound to be social catastrophe all over the world. And the human factor alone matters in all estimates of the political and economic rehabilitation of the world.

In 1925 the Bombay Government examined the question of the training of primary teachers with due regard to the anticipated expansion of primary education and also the provisions of the Primary Education Rules, 1924. Simultaneously Government also considered the question of adequate representation of all classes and communities in the selection of primary teachers for admission to vernacular

training institutions. After taking into account the needs of the various districts for primary teachers of the several grades and the educational progress of the various communities from which these teachers were to be recruited Government laid down so far as Sind was concerned, that 25 per cent of the total admissions to training institutions in Sind should be reserved for Hindus and 75 per cent for Muhammadans.

By P. McIsaac, B Sc (Hons), Ph D. (Edin)

Indian cattle vary, like those of other parts of the world according to the varying local peculiarities of climate soil and cultivated and natural fodder. This is particularly true of the cattle that are indigenous to Mysore State which had earned for herself from early periods a renown for a superior breed of cattle which reached their zenith at the time of Tippu Sultan then Ruler of Mysore the cows giving large quantities of milk while the bullocks provided draught animals for expeditious transport which latter was taken full advantage of by Tippu Sultan in his campaigns.

Since the days of Tippu Sultan the Mysore breed of cattle had however been allowed to degenerate to such an extent that the breed is no more looked upon as a milking breed. This may be due to the climate and fodder, but very probably it has been due to uncontrolled cattle breeding. That the cows are poor milk yielders is due to the fact that the general public and cattle owners in particular are small milk drinkers and the local ryot is satisfied with a daily yield of about 1 seer milk from each cow in return for the little fodder he can afford to give her.

Such being the conditions a business dairyman out for milk production only would receive poor returns at the present moment if he depended on the Mysore breed of cows. Hence it is usual to see Scindri Ongole and other heavier milking breeds of

as among dairy herds in Mysore. Among these cows will be cows of mixed European and Indian blood. The dairyman moreover is always anxious to get the services of an European bull because he knows that the daughters of his cows from such services will be large milk producers. Such a dairyman is not usually in a position to import from Europe and America such dairy bulls as the Ayrshire, Jersey and Holstein breed but his knowledge of the milk produced by European Indian half bred cows at the Military Dairy Farms in India and the Ravankere Palace Dairy Farm at Mysore has convinced him that a half bred heifer from one of his Indian breed cows will give him very much more milk than his other cow.

That the European Indian half bred cow is a large milk producer there is no doubt. Records of cows maintained at the Palace Dairy Farm alone show how the milking quality of the cow has been improved to a very great extent. The daily yield of the half bred cow is many times more than that of her dam of Indian breed so much so that her dam of Scindri Sanival or Mysore breed can stand no comparison with the half bred cow. This has been capable of producing milk is very well illustrated in the following table showing the milking capacity of some of the cows of Indian and European Indian cross breed of the Palace Dairy Farm.

Milking Capacity of some Cows of the Palace Dairy Farm

Sr No	Cow Number	Breed of Cow	Cow's Dam	No Lactations	Average Yield	Duration of Yield	Average Daily Yield	Age at Death or Disposal
1	103	Scindri		5	31 lb	261 days	12.1 lb	Sold at 9 years
2	T 58	Ayrshire ½	103	6	36.4	261	16.3	Died at 9
3	H 24	Ayrshire ¼	E 53	2	30	192	11.8	, 41
4	102	Sanival		17	21 lb	299	9.4	Sold at 16
5	E 63	Ayrshire ½	102	3	49.3	36	13	Died at 7
6	J 63	Ayrshire ¼	F 63	1	36.9 lb	310	11.8	4
7	500	Scindri	493	10	1	218	9	Sold at 16
8	E 34	Ayrshire ½	500	4	50.1 lb	327	15.3	Died at 7
9	H 22	Ayrshire ¼	E 34	4	60 lb	347	15.2	Still milking
10	H 14	Scindri Holstein	500					Died at 2 years

Milking Capacity of some Cows of the Palace Dairy Farm—(Contd.)

Sl No	Cow Number	Breed of Cow	Cow's Dam	No Lactations	Average Yield	Duration of Yield	Average Daily Yield	Age at Death or disposal
11	2	Scinda		3	1635 lb	174 days	9 3 lb.	Died at 9 years
12	C 19	Ayrsh re	7	8	8 665	318	9 1 9	13
13	F 76	Ayrsh re Scind Holstein	C 19					5
14	G 33		C 19	1	3 487 lb.	250 day	13 9 lb.	4
15	K 51	Holstein	G 33	1	1 130	68	16 6	Sold at 4
16	749	Scind		10	1 839	304	6 0	18
17	C 10	Ayrsh re	749	"	12 961	423	30 6	Died at 10
18	100	Sanval		10	718 "	299	9 4 "	Sold at 16
19	F 58	Holstein	100	1	6 150	341	18 0 "	Died at 5
20	J 30		F 58	1	600	61	10 1	31
21	K 30		F 58	1	293	34	8 7	Sold 4
22	100	Sanval		9	3 951	281	10 4	Died 15
23	F 50	Holstein	100	1	6 828	336	20 3	3
24	H 4	"	F 52	3	6 847	404	16 9	6
25	468	Scind		9	5 308	397	10 0	Sold 11
26	E 78	Holstein	468	9	5 993	325	17 2	Died 5
27	K 16		E 8	1	3 156	300	10 4	4
28	B 10	Scind		4	1 702	179	9 6	Sold 8
29	H 27	Holstein	B 10	9	8 601	445	18 9	Died 5
30	K 90		H 27	1	4 887	469	10 4	Still milking
31	M 14		H 27	2	3 089	467	13 4	
32	3	Scinda		4	2 156	213	8 9	Sold at 8 years
33	E 74	Holstein	3	5	8 041	415	18 7	Died 7
34	J 15		E 74	9	4 270	404	16 7	Still milking
35	K 91		E 74	1	1 191	404	10 7	"
36	10	Scinda		4	1 310	403	5 8	Died of old age
37	C 43		10	9	8 051 lb.	536 days	15 9 lb	Died at 3 years
38	E 91	Holstein	10	9	2 915	430	10 4	6
39	J 65		E 91	1				Sold at 4
40	93	Hallikar (Myore)		4	874	185	5 3	" 15
41	F 48	Holstein	93	9	7 596	317	23 9	Died 10
42	J 58	Holstein Myso e Scinda	F 48					Died as a calf
43	M 10	Holstein	F 48					Died at 2 years
44	118	Myso e		2	1 253 lb	207 days	4 9 lb	Sold at 15
45	E 89	Holstein	118	1	1 775	86	20 6	Died at 6 1/2
46	H 44		E 89	9	3 307	488	11 5	6
47	M 55	Holstein mixed	H 44					1 year
48	80	Myso e		4	1 450 lb	400 days	7 0 lb	Sold at 10 years
49	F 36	Holstein	80	9	5 603	314	17 9	Died at 5 1/2
50	J 34		F 36					9 months
51	K 46	Holstein double	F 36					1 month
52	83	Myso e		3	1 389 lb	223 day	6 2 lb	Sold 18 years
53	F 75	Holstein	83	2	4 3 0	214	20 4	Died 4
54	J 37		F 75					Sold 1 year
55	K 37	Holstein double	F 75					Pensioned at 3 years
56	91	Baroda mixed		6	3 109 lb	309 days	9 4 lb.	Died at 10 years
57	K 9	Holstein	91	3	8 911	345	25 9	Still milking
58	J 03		91	5	7 284	308	23 3	" "

A glance at the table shows that the Europeo-Indian half bred cow has been the largest and most efficient milk producer. The performance of the daughters of half bred cows has also been shown and it is plain to see that these latter cows have not given as much milk as their half bred mothers. In some instances the improved milk strain is carried on still showing an increase over the milk produced by the original cow of Indian breed. In other cases the milk is poorer than or only equal to the milk of the Indian grand mother.

A close study of the records show that the half bred cow, on the whole, has been a wonderful milk producer. Her milk yield has been, in most cases, many times more than that of her Indian mother. All profits, however, must be realised from her while she is alive, as she has been found not to be long lived. Some half bred cows have lived to give 6, 7 and 8 lactations but most have died early at 3 to 6 years of age not leaving behind any cows of economic importance.

The question now arises as to whether it has been worth while raising the half bred cow and her daughters. The yield of the highest yielding cow, C 12, Ayrshire Scindri half bred, will be considered for a moment. She gave 7 lactations each with an average duration of 423 days the average daily yield coming to 30.6 lbs. or slightly more than 10 seers of milk. Her highest daily yield was 54 lbs. of milk. It may be computed that C 12 has given over 40 tons of milk during her life time and if the average price of milk be taken at 4 seers or 12 lbs. to the rupee, the milk yield of C 12 may be valued at Rs 7 560. If her Ayrshire sire cost anything up to Rs 3 000 and if her maintenance be valued at about Rs 2 000 C 12 has more than paid for her sire and her maintenance at the same time leaving the milk yields of her half bred sisters to heap up the profits from one Ayrshire bull.

In the same manner, it is possible to work out the money value of milk produced by such Holstein half bred cows as F 52, F 48, J 23 and K 9. The daily yields of some of these cows have also risen to 50 lbs. of milk. The money value again would show that their expensive sires have been more than paid for. The only conclusion that can be arrived at is that the Europeo Indian half bred cow has been the most efficient milk

producer and is an economic factor for milk production.

The same, however, cannot be said of the daughters of these half bred cows. In most cases, if there is not a decline in the milk yield, the $\frac{3}{4}$ bred and $\frac{1}{4}$ bred cows have died too early for profits to have been realised. Moreover, these cows have not lived as long as their half bred mothers thus cancelling most of the profits that might have been derived from their milk. No daughter of C 12 has yet lived to yield milk till time writing, though most of her progeny were bull calves. In general, however, it may be seen that the usefulness of the half bred cow ceases after her death. All profits must be realised from her while she is alive, her daughters being smaller milk producers and weaker in constitution.

It is natural therefore to wonder if it is worth while raising half bred cows. They and their progeny do not seem to be adapted to the Mysore climate as well as the local breed and have been found to be susceptible to the usual cattle complaints such as fever, mads and foot and mouth disease from which they sometimes fail to recover. Moreover, these cross bred cattle and also the Scindri cattle fail to get a living in the jungle kavals and pastures where the local breed find no difficulty in picking up a bite.

Taking all these points into consideration, Europeo-Indian half bred cows are only meant for the dairyman who is prepared to spend extra money on their maintenance and health making a profit from their large milk yields while they are alive. Once these cows have given of their best and died, he must be prepared to stock his dairy with her half bred cows. This however is an expensive process for the average private dairyman as these cows fetch far higher prices than the pure Indian breed and he may not be in a position to sink large sums of money that will have to be idle till these cows come into milk. Under these circumstances, dairying with Europeo Indian half bred cattle opens up an opportunity for a dairy to be run by a Co-operative Society, which will run the dairy conjointly with cattle breeding farms for raising half bred cows.

A word may be said about the Europeo-Indian half bred and cross bred male progeny. Those used as breeding bulls are not such a success as their pure-bred sires from the economic point of view. Being of mixed

breed their female progeny may turn out to be any of various types of milk producers. There is no guarantee that their daughters will be as good milkers as half bred cows.

As bullocks the cross bred is not fancied because introduction of European blood causes non development of the hump. A bullock without a hump is not popular with the local ryot because he knows it is of foreign blood and will cost more to maintain and keep in health than he can afford. Such a bullock can certainly work like the local breed but cannot stand up to the strain or work and the climate as the local breed can. Moreover the cross bred humpless bullock often develops the nasty and irritating hab

of slipping its yoke over its shoulders. Like their co-sisters these bullocks are liable to suffer from local cattle complaints from which they do not always survive due to their low powers of resistance to disease and minor complaints.

The foregoing article brings one to the conclusion that cross breeding of European and Indian cattle is of value only from the point of view of the half bred cow which being a heavy milk yielder is an important factor in the economics of dairying. There is ample scope for refund in money over capital expenditure for health and milk production.

Industrial Policy of India.

By A V Ramaswami, B A

Recent tendencies in world industrial policies have made any discussion of free trade *versus* protection assume the nature of an academic debate. But it is becoming more and more evident that the policy of Economic Nationalism—the name given to the Neo Protectionism that has come to sway the nations after the Great War—is working as much havoc as political nationalism. Economic Internationalism must become popular not only in journalistic and academic phraseology which it has already done but in actual practice by statesmen and financiers. Free Trade and Protection are Victorian ideals and like all Victorian ideals they can not solve the complicated issues of the post War world. We all know that the emergency pill that is prescribed by the doctor to a patient on the point of collapse cannot cure him; it is a desperate remedy to meet a desperate crisis. This Economic Nationalism is an emergency pill; it will not and cannot be permanent. This craze for nationalistic economics is to be found chiefly in three non democratic countries: Italy, Germany and Russia, and in the democratic America. Russia's position before the War is different from that of the rest of the Western World. With no industrial system to speak of in 1917 and with the unimaginable poverty of the peasants ground down by a set of Attilas and Tamerlanes, Russia jumped into the Communist State. Germany was completely paralysed by the War; it suffered the worst. Then came the economic blizzard

What wonder then that in the state of limitless and bottomless chaos she found herself in she welcomed anybody who talked blatant and also did something bold and imaginative! Italy similarly found in Mussolini a real man of action who was able to do her some good; it must be said he has done immense good to his country. The Yankee has never been known to have taken a broad view or a generous step. Abraham Lincoln and Woodrow Wilson were freaks of nature in that country; one was killed and the other driven out of public life. Before she became a great industrial power she deserved protection to grow; now the Americans want protection as Professor C. N. Vakil and Mr M. C. Munshi say, not because their industries are so weak but because their industries are so advanced and have raised their standard of living so high that any such competition from Europe may tend to lower their highly cherished standard.* The Ottawa policy of the British Government if conceived in a tight spirit and with a view to honourable compromise will go a long way to help us to realise economic internationalism through a system of imperial rationalisation and thus set up a great and noble example for the whole world to follow. But with the Tory strength of a giant which it has meant to use like a giant the present National

* By C. N. Vakil and M. C. Munshi. Messrs Longmans Green & Co. Ltd. 53, N. Col. Road, Bombay. Price Rs. 3.

Government is content to play the part of a Joseph Chamberlain in the thirties of this century. But unfortunately the Dominions are not the docile girls of the nineties of the last century, they have grown up to strong and vigorous womanhood and assert their right to act as they please, which major daughters do claim. India too has learnt to develop a sense of nationalism, thanks to the illiberal nature of the British attitude towards India, she is no more a willing tool in the hands of an aggressively jingoistic government. But it is impossible that any nation can carry on a policy of economic exclusivism. We have only to devote one calm moment to think of what would happen to the entire world if each country were to be vigorously exclusive. We will be impressed with the disastrous tragedy that will result. In fact, it is not possible that any nation can escape from the bonds that have drawn the various nations together; it exists only in the imagination of a Hitlerite, very much as the economic man was in the imagination of Ricardo. Therefore a system of commercial treaties must come into vogue. In Professor Andre Siegfried's expressive words, international economic good manners must be observed to the happiness and prosperity for all.

The above discussion of world economic tendencies was necessitated by the author's first chapter on this subject. Two chapters follow on the Indian industrial policy. The fourth and the fifth treat of the composition analysis and classification of the Indian tariff schedule. The sixth chapter compares the

Indian with some foreign tariff methods. It is to be highly commended that they have formulated a schedule of tariff, scientifically drawn up, based on the tariff models of the prominent countries of the West. The Introduction to the book classifies Indian industries, while Customs as a source of Revenue, the World Economic Conference and the Cost of Protection are themes of the three Appendices. 266 pages of packed reading matter are offered to the reader, full of statistics readably presented. This book is perhaps the best study of the industrial policy of this country that has been so far written.

"The goal of industrial development in modern countries is maximum production with a view to increase the national dividend and to raise the standard of living of the people of the country concerned. Can anybody who knows the A B C of Indian history and politics say that our policy satisfies in howsoever small a degree this test? The chief instrument of industrial policy in modern countries has been customs tariff. We are not concerned with the use of the tariff as an instrument of economic warfare. We are concerned with its use for legitimate industrial purposes, and this has become more important to us in recent years than ever before. This supplies the *raison d'être* of this book. It is no exaggeration that Professor Vakil and Mr. Munshi have executed the task they took upon themselves with an ability and thoroughness for which they deserve to be congratulated.

India and the New Deal II.

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Though America hit upon economic planning as a device to overcome the evil effects of the long and severe world depression, the disappearance and eradication of all economic ills facing society can never be counted upon. So long as some semblance of the capitalistic system is retained, national industrial life would still experience ruthless and remorseless competition and profit-seeking depressions tend to bewilder society which is already finding it difficult to adjust itself to world economic forces.

America is not indeed the first country to

hit upon economic planning devices as an ameliorative measure. Such pre-war expressions as 'Industrial engineering' and 'Scientific planning' are instances of economic planning resorted to during the war-time conditions. Trade Boards, Food Controllers, and rationing of articles are evident manifestations of economic planning in the troubled days of war period. It is as old as civilization itself. Even the Utopia of More was after all a well-planned device.

America's excellence lies in making

Individual Industrial Planning as exhibited by the different codes existing side by side with the planning of the other walks of life *Individual industrial planning fails to achieve* outstanding merits during days of prolonged depressions or mismanagement of the credit system or the proverbially sick industries can never be renovated into new life exhilaration and vigour. Nationwide economic planning is more successful than the former. But it has to be done. National Economic Councils wherein are represented farmers merchants industrialists bankers workers artisans and consumers have to be created. These have to formulate the long range policies to aid social and economic development.

Russian planning in spite of apparent success here and there has its own defects for it is still crude and inexact when compared with the thorough planning characterising the *Nazi Deal*. The performance of the workers is of a varying nature. Low quality goods alone are being produced. Russian export prices are far lower than planned prices and this evidently was resulting out of Russia's anxiety to import machinery and cheap capital goods into the country. The *quota* of actual production is sometimes in excess of estimation or far below the estimated figures. The absence of adequate statistical material is still a bugbear which precludes all useful and interesting comparisons. But it has its own merits like the development of industrial power and the slow moving and lethargic workers of Russia have been converted into virile active and militant young workers bent upon improving their standard of living. National income has expanded. A well planned socialistic order has arisen out of the wreckage of the old capitalistic system of Russia.

Whether it be Russia or Italy or modern Germany or America the fact remains that individual initiative becomes deadened. Planning must be on the wholesale scale. A little planning is wholly mischievous. Mistakes do occur. Government is perforce forced to enter the field of well organised production. But bearing in mind the famous dictum of Prof Gustav Cassel that steady and uninterrupted progress would develop automatically the governmental services the Planning Board ought to strive to realise this conception. All walks of economic life should learn to move together. This is the essence of national economic planning.

NECESSITY OF PLANNING IN INDIA

India's policy is a policy of drift dilettantism and dangerous delay. The authorities who shape India's destiny appear to be too wooden and inelastic and fail to appreciate the march of economic progress. Currency organisation industrial structure agricultural output the tariff schedules the transportation factor and the conditions of public finance have all to be studied simultaneously and improved by concurrent measures of activity. Piece meal legislation of a merely ameliorative character is futile. It is bound to fail. The Car of Juggernaut ought to be indeed a slow moving one. The new spirit ought to pervade all fields of life. Sir A. Salter's suggestion and subsequent propaganda for starting a National Economic Council has been unfortunately vetoed by the present Finance Member.

TARIFFS

Besides collecting relevant industrial and economic data the permanent Tariff Board of the country ought to revise and unify the tariff schedules. Tariff duties and trade statistics ought to follow the lines allocated by the League of Nations.

TRANSPORTATION

The reduced railway rates ought to favour the imports and the exports alike. A thorough co-ordination of the road and rail transportation elements ought to be secured by the Railway Board. The Government subsidies and bounties ought to be pursued to encourage new and fitting industries. A thorough overhauling of the commercial treaties is long overdue. Bilateral treaties with foreign trading countries instead of the extension of the MFN clause should be the ideal. The raising of the rural standard of living by rural reconstruction societies ought to be the endeavour.

Coming to agricultural reorganisation favourable land laws are needed. The liquidation of old debt ought to proceed further. Debt Conciliation Committees ought to commence their useful work as early as possible. Cheap yet not facile finance ought to be showered on the agriculturists. The scaling down of rents and other fixed charges is a desirable remedy which might be carried out. Agricultural production ought to expand all along the line and at lowered costs of production than before though agriculture

is subject to the well known law of Diminishing Returns. The fusion of idle labour with idle capital ought to be the endeavour. Even emulating the noble example of America deficit budgeteering might be adopted by the Central Government to help the different Provincial Governments and the work planned by their Provincial Economic Councils. The proper co-ordination of the work of the different Provincial Councils is indeed the most important desideratum falling on the shoulders of the All India National Council.

In spite of a desirable move on the part of the Bengal Province other provinces are lagging behind to accept the idea of Provincial Advisory Councils to better the conditions of agriculture industry and internal trade.

SOME OUTSTANDING DIFFICULTIES IN THE PATH

The menace of over population is always an outstanding difficulty in the path of economic improvement. The control of population within desirable limits is a never ending proposition with the Indian economists. Writing a decade back I was pointing out the self same remedy of regional planning for solving the over population bogey facing the country (*Vide Population and Economic Progress The Calcutta Review* Sept 1926).

The lack of cheap finance will be another insuperable difficulty. Unless finance is created to back up honest labour and its efforts nothing substantial can be achieved. Sir Daniel Hamilton pointed out long ago the necessity of financing the honest efforts of labour.

Men possessing enlightened economic knowledge are needed to draft and work out the programme. It is too often the case that the spur to higher economic action is the incentive of securing profits. Without this motive there are few self less workers forthcoming in any walk of life. There are indeed few sincere honorary workers in the co-operative movement. Unless their number is increasing there is no bright future for the Indian co-operative movement.

Now that even a slow moving China is embarking on a Ten Years Plan it is indeed high time that the Government of India should rouse up the lethargic people into activity. The slow moving tempo of

Indian masses ought to be whipped into rring enthusiasm for the newly planned asures. This is the meaning of the necessity of creating a favourable Milan or conditioning circumstances must be opitiating enough to launch forth a programme of nationwide economic planning. In spite of a favourable atmosphere economic planning cannot indeed work miracles. Chronological unemployment would still remain and the widespread misery attendant on it has to be alleviated by state action.

FINAL CONCLUSION

Without a perfectly planned economic policy the present day economic evils such as excessive dependence on agriculture, the deluvian methods of industrial production, insufficient wage scale, low standard of living, unorganised and antiquated market methods, lack of cheap credit facilities, hopelessly uneconomic conditions of transport and colossal poverty would disfigure Indian economic life. An enlightened and liberately managed policy alone can provide the necessary cure for these delinquencies. Economic planning might not be the last word in Industrial Evolution but it is bound to follow the present capitalist system almost as certainly as night follows the day. The nomadic stage gave way to the pastoral, the pastoral to the agricultural, the domestic industry, the factory system and the modern capitalistic system is considered as the final embodiment of the economic evolution of mankind. But in all countries unbridled free capitalistic efforts are being controlled in every way. The control over giant corporations and the protection of the consumers interests have not given any satisfaction. These feeble attempts ought to give way to such sweeping policies as are inaugurated under the interesting caption and name of the New Deal.

In a message to the Presidents of National Red Cross Societies Dr Alvaro Tourinho, President of the Brazilian Red Cross, expresses his Society's satisfaction at the prospect of welcoming the delegates of the Third Pan American Red Cross Conference in Rio de Janeiro next October. The Conference is expected to exercise a powerful influence on the development of Red Cross activities all over the American Continent.

Sir M. Visvesvaraya's *Magnum opus*.

By A V Ramaswami, B A

Great books are great events. Keynes' *Economic Consequences of the Peace* was an event in the history of Europe inasmuch as it was a terrible eye opener. When such a book is out critics are not slow to come. The potentiality of the book is enough to garner the unfounded facts and theories of these critics and present them in words of learned length and thundering sound. But as often happens it is all sound and fiery signifying nothing. Those who came to scoff at the great economist's remarkable contribution to post War European political economics have remained to pray now the responsibly minded statesmen of Europe should be rung the disastrous blunders that were committed in the name of peace in 1919. Prophets are a bad lot for they tell bitter things and true too alas! the truer they are the more bitter they also are. What is true of Dr J M Keynes is also true of Sir M Visvesvaraya.

It will be platitudinous and will even savour of boredom to repeat that no statesman now living in this country is more intellectually and otherwise equipped to offer a solution to the more insistent problems of the Indian social life than Sir Visvesvaraya. Possessed of a masterful intellect and an ever active brain this unique figure in the public life of India is no mere visionary. As the head of a most advanced Indian State his hand is there in every improvement effected in that kingdom which serves as a model in many respects to even British India. In all the various schemes for economic reconstruction his profound theoretical knowledge was tested and came out brilliantly successful in the execution of what may generally be considered stupendous tasks. Temperamentally incapable of any destructive view or criticism Sir Visvesvaraya possesses a most realistic and constructive mind. Politically he will not shout with the crowd nor will he enter into wordy denunciations. Though he does not belong to any political party he is a Liberal in thought word and deed. When such a man gives out a well thought out and ably argued plan of national recovery it is no wonder that vested interests and doctrinaire economists should vie with each other in

almost puerile criticism of such a man.

Before attempting to meet the criticisms levelled against his views by the Anglo-Indian commercialists or Indian Socialists it would be right to invite attention to the criticism of no less a person than the Finance Member himself Sir James Grigg. Knowing as we do Sir James' economic philosophy which is as dead as Tutankhamen we are not surprised at his attitude towards any idea of planning the future of a country. But our misfortune lies in this. India of all countries in the world is the happy play ground of all sorts of fantastic notions and theories in the field of politics and economics. When the advanced countries of the West have not yet decided to abandon a metallic monetary standard we are asked by Anglo-Indian statesmen to take to a managed currency with gold reserves. When every body worth the name has condemned the iniquities of the standard that obtains at present in this country we are asked to hug it to our satisfaction. Similarly in politics that ante deluvian idea of indirect election is recommended as a method of representative government in the future Federal polity. In this period of the applications of queer notions and moth eaten ideas comes Sir James Grigg who still believes in *laissez-faire*. That frame of mind is most disconcerting to a student of the Indian problem because if we persisted we would be courting economic disaster before long. It is already getting late and if nothing were done India will probably share the fate of China sinking into an almost bottomless chaos.

The main point in Sir James' criticism is that he referred to Sir M Visvesvaraya's scheme as Utopian. Utopian! What an idea! If any scheme were offered it is Utopian if none were offered. Indians are unfit to solve their own problems. A double edged sword in the hand of the bureaucratic administrators! But then what is Utopian in Sir Visvesvaraya's book? Does Sir James Grigg accept or not the description of the present state of India's economic condition? Is he going to deny the facts on which it is based? Are they not facts and figures culled from blue-books by the Government

of India and the various Provincial Governments? If he challenges the accuracy of those facts and figures we have no quarrel with Sir James, because he can then freely challenge Truth itself. Where then can we expect responsibility after that?

If Sir James accepts that the economic survey in the book gives a correct picture of the situation, how can the remedies suggested be termed 'Utopian'? If they are what, then, must be done? Does Sir James think that a policy of drift is all that he can think of? Does he offer an alternative scheme of reclamation from the hopeless position? If he says that drift is his motto there can be no hesitation in characterising that attitude as wholly ununderstandable for nothing can be more tragic than to pose as a trustee for the welfare of three hundred and fifty millions of a vast continent and then not to lift a finger even to help them earn even an economic wage. It will not do to wash off the case propounded by Sir Visvesvaraya with high sounding words. Either Sir James Grigg must agree to the plan of Sir M Visvesvaraya or he must suggest another scheme of recovery and work it out with the aid of convincing facts and figures—equally authoritative. Otherwise, the future of the country is bound to be dark and gloomy.

So much for the criticism of a responsible member of the Indian Cabinet. The Anglo Indian commercialist has his own axe to grind. Vested interests are essentially selfish. If India were to progress on sound lines and steadily to fill a place in the comity of nations, certainly the Indo-European mercantile community in India will surely be hit hard! That is the view—the view that can be shown to be false to a degree. But the false reasoning is there and prejudice dies here. Therefore it is that journals representing that school of thought have indulged in criticisms of a type quite familiar to us. The *Times of India* critic for instance has the great merit of couching his criticisms in unexceptional language, on that account, they gain in weight and authority. While conceding the objective of Sir M Visvesvaraya and the means to its attainment, this critic enters a mild caveat. Though it is so very inviting to say that the national income should be doubled, that electrical power plant should be multiplied two-fold, and that spindles and looms should

grow in a fixed ratio, this critic suggests, these proposals take little account of the third factor in economic progress which is ignored by earlier students—the factor of demand. Does this critic think that India needs no more production? Is it not true that more production brings more wealth and more money in circulation in the hands of the people? Does it assume that in India there will be no demand? Is not the very fact of increase in imports of manufactured commodities sufficient to indicate that with more money Indians will consume more? If in recent times there is a reduction, comparatively speaking in consumption, it is due to the monetary stringency on the one hand and the Swadeshi movement on the other. Therefore it is wrong to assume that Sir M Visvesvaraya has miscalculated India's capacity for demand. The demand is there both potential and actual, and the suggestion that the home-producer should fill it. Like many others of his class the *Times of India* critic makes the mistake of thinking that Sir M Visvesvaraya underrates the importance of agriculture. I would request the reviewer in that paper to re-read the chapter on agriculture to disprove himself of that sad mistaken notion. Of course, Sir Visvesvaraya is right in thinking that there is not only over-ruralization but also an inefficient agricultural system in vogue. The mention of forced industrialization is queer. India needs and can afford to have a great deal more of industrialization for some time to come. It is a bogey to kick up this cry. Until India has built her own basic industries and subsidiary industries to make those who live in India lead self-sufficient lives there is need for big step in industrialization.

The *Capital* is more summary in its treatment of Sir Visvesvaraya's great eye-opener. It strikes me that the reviewer has not made any attempt to understand the policies and plans of the great author. There seems a goodly amount of confusion in the mind of a writer of this review born perhaps of a hasty and ill-digested reading. How the ideas of Indian industrialization and Indian exports are contradictory, I am unable to follow. One point in the scrappy criticism of the *Capital* needs to be referred to. The question of sugar is obviously beside the point. Its history is curious and the problems it offers are often of a queer type. It

cannot be so perfunctorily dismissed as this hapless reviewer does. It is no compliment to the immense labour involved in producing a first-class book of practical economics to be told that it has collected in one volume much valuable information.

The Socialist criticism is nothing striking or new. Typical of this is that appearing in the *Bombay Chronicle*. It is all admiration for the other parts of the book but it finds fault with Sir M. Visvesvaraya for not being a Socialist! The *Bombay Chronicle* does not know which term—Liberal or Orthodox economist—would describe him more accurately. I think that the paper knows and does not want to say it for to it the Liberal and the Orthodox economist are one and the same. Well like all great schools of social thought the Liberalism of to-day is different from the Liberalism of the nineteenth century. I will help the editor of the *Bombay Chronicle* and say that Sir M. Visvesvaraya is a Liberal but not an Orthodox economist. The arguments for and against Socialism in India as in other countries will be made for some decades to come. Though we are all Socialists

to-day, there is no chance, so far as we can see of Socialism of a particular variety expanding for neo Liberalism or even neo Nationalism has already forestalled its practical parts. I do not want to take much space to answer elaborately the socialistic criticisms of the *Bombay Chronicle* for much of what I would like to say has already been said in a far abler manner and in more effective language by Mahatma Gandhi. I do think that the fundamentals of Indian social polity enunciated by three such men—as Gokhale, Mahatma Gandhi and Sir M. Visvesvaraya—will satisfy all the needs of economic India. It may appear striking that these men are clubbed together. There is nothing strange in it for though they may differ in details and in some cases even in policies and programmes they are one in thinking that the basic factor of Indian life is live and let live—toleration in politics, freedom in the exercise of religion and equality of opportunity for winning one's bread. Schemes and policies which miss these main facts miss the realistic factors in the Indian national life of to-day.

In a recent statement to the Press Admiral Cary T. Grayson the new Chairman of the American Red Cross announced that first aid instruction was to be extended by the Red Cross to 11 000 American Legion Posts. The American Legion, he said,

has a potential man power of one million which we hope to enlist as trained First Aiders prepared to join in the campaign to cut down automobile accidents and the ever increasing load of deaths due to accidental injuries in the home. To emphasize the urgent need for such a campaign Admiral Grayson pointed out that last year 36 000 people died in the United States as a result of road accidents and 90 000 more sustained injuries. This does not necessarily imply that it is safer to stay indoors for accidents in the home were responsible for 33 000 deaths during the same period. It is estimated that close on a million Americans have lost their lives from accidents during the last ten years. Admiral Grayson concluded his statement with the following words. If we can add a great army of Legionnaires to the ranks of the more than 850 000 men and women we have already taught First Aid we can hope to save many lives during the year both along our highways and in our homes.

The International Study Committee on Air Ambulance Services has established the basis of collaboration between national aeronautical bodies and the Red Cross Societies of their respective countries. It has also drawn up a list of the missions which might be entrusted to air ambulances. These are—

Transportation of sick and injured persons

Transportation of doctors and nurses

Transportation of medical supplies and provisions

Survey of disaster stricken areas

Serving as a link between populations cut off by ice or as the result of disasters and the outside world

Searching for persons lost in the desert in the mountains and in polar regions

Searching for wrecks or for vessels imprisoned in the ices (?)

Disinfection of plague stricken areas

Spraying gas from the air over regions infested with insect plagues

In any or all of these activities private planes will be able to render useful assistance

Industrial Finance in the U.P.—II.

By Krishna Kumar Sharma, M.A , B Com.

The following measures are necessary to safeguard the position of the Government and also in the interests of the Corporation itself —

(1) In making loans the Corporation should satisfy that there is adequate margin and that the industrial concern will pay the interest and principal on stipulated dates. Regarding the issue of debentures of industrial concerns the Corporation should satisfy itself that the former will make provision for sinking fund to repay same on due dates.

(2) It should not make any investments in speculative enterprises nor should financial aid be granted in an industry threatened with over production.

(3) It should also make provision for sinking fund for its own debentures and build up suitable reserves.

(4) When under writing or granting loans against industrial shares it should assume only a reasonable proportion of such obligations.

(5) It should be in touch with industrial concerns helped by it on the lines of the German model and should associate itself with the management through representatives and recent information about them so that it might avoid losses.

(6) The assistance to industrial concerns should be so distributed as to minimise the possibility of its resources being tied up in one or two concerns or one or two classes of industries.

Such an industrial corporation will have enough of business because of the undeveloped condition of the province as disclosed from the following table —

Province	Paid up capital of all companies in crores of Rs	Banking and Insurance (crores)	Sugar (lakhs)	Population (crores)
U P	11	0.35	260	5
Bombay	97	7.00	20	18
Bengal	111	10.00	46	5
The Punjab	3	1.00	23	2½

Further, out of 130 Indian insurance companies the U P has only two whereas the figures for other provinces are — Bombay 50, Bengal 24, Madras 20, the Punjab 14, Delhi 7 and C P and Ajmere 2 each.

It should also finance cottage industries through co-operative societies.

PRIVILEGES FOR SUCH A BANK

(1) Its debentures may be declared as trustee securities,

(2) Its debentures may be made free from income tax, the privilege to be withdrawn later when the public is used to this form of investment.

(3) Duty on the transfer of debentures and shares may be considerably reduced.

(4) The registration authorities should issue certificate of encumbrances without any charge or at a nominal cost.

(5) The bank should be indemnified in respect of acts done *bona fide*.

Short term finance can be granted by commercial banks who may delegate a member of their management to act on the Board of Supervisors of Companies with which they have business relations to maintain a close connection with those companies. This will create an atmosphere of mutual confidence beneficial to both parties. Periodical balance sheets should also be furnished to these banks and the entire banking business of an industrial concern requiring accommodation from a bank should be concentrated in the hands of one bank.

Local advisory committees in banks should be appointed to provide the banks with reliable information regarding the status and financial position of the bank's clients. Such committees and local boards will help the banks in assessing the financial position of the clients and will also remove from the minds of the latter the suspicion of unfair treatment.

WAYS IN WHICH GOVERNMENT CAN HELP

1. The Government may give a guarantee to commercial banks for a part of the cash credits that the latter may grant to industrial concerns. It is true that this might involve the Government in some loss but if the scheme of State aid to Industries Act as given below is accepted there need be no fear on that account for any large amount. If the concerns to which such a help is granted are inherently sound the Government would not be put to a great loss.

2. Machinery may be supplied to industrialists on hire purchase system on payment by instalments. This system has been tried in Bihar and Orissa and in Mysore State.

3. Money grants may also be continued by Government for promising concerns on certain terms and conditions. The provision of training of young men and a limitation of profits

and the building up of reserve funds may be insisted upon

4 The Government may also purchase shares in certain concerns and might give a guarantee of dividend on capital. The Government would have to see that their affairs are conducted along right lines and provision will have to be made for inspection and audit of the books of such concerns by government auditors and inspectors

5 Grants in kind may also be made and land bullocks plant and machinery raw materials etc may be cheaply supplied by Government

6 A guarantee of purchasing the produce of concerns may be given by Government, which will help the marketing of the products of industrial concerns

7 Indirect financial help can also be granted by the Government. The questions of reduction of railway freights on raw materials e.g. cotton and on certain manufactured goods the imposition of tariffs etc may be brought to the notice of the Government of India

All these measures were undertaken by the Government in Germany and Japan. Many pioneer business undertakings were financed by Government and factories were set up which afterwards were sold to private concerns. Subsidies and subventions are given to private enterprises and special investigators are sent out to foreign countries by the Government in Japan to learn new processes and efficient methods of manufacture.

It may be pointed out that the public will certainly come forward to make investments in industrial enterprises only if they were assured by experience that the Government were backing up concerns in the U P. As the Central Banking Committee point out a nationalization of the fiscal policy in the interests of the country will infuse confidence in the public. It may not be altogether out of place to mention here that some clauses of the Indo British Trade Pact are bound to act in an adverse manner upon the industrial development of the country as a whole and upon that of every part of the country including the U P.

STATE AID TO INDUSTRIES ACT

An Act known as State aid to Industries Act should be passed on the lines of similar acts in Madras Bihar and Orissa and Bengal. There is created a body known as the Board of Industries representing business commercial legislative and government interests consisting

of about 12 members which has to scrutinise applications for State aid

State aid includes the grant of a loan the guarantee of a cash credit overdraft or advance with a bank purchasing of shares and debentures of the industrial concern the guarantee of a minimum return on capital the grant on favourable terms of land raw material fire wood etc the payment of a subsidy for research work and for the purchase of machinery, and the supply of machinery on hire purchase system

The conditions for State aid are the provision for training of apprentices registration of the concern in India with rupee capital and the fact that a minimum proportion of the members of the Board of Directors of the concern applying for State aid should be Indians. The loans are repayable by instalments and the concern has got to furnish returns of products manufactured and sold to permit the inspection of accounts and to submit account books to government audit

It may be said that the Bombay the Bengal the C P and the Central Areas Committee proposed the enactment of such acts. The Bihar and Orissa Committee recommended that the Industries Department might share with banks and approved shroffs the task of examining proposals for the provision of credits to industries as well as the risk of loss attendant on granting cash credit and that the banks and shroffs might receive a commission for the help including the sharing of risks. In this connection the recommendation of the Central Banking Committee on page 309 of their Report deserves quotation. They write: We approve of the recommendations of the provincial committees referred to above for the enactment of provincial legislation on the lines of the Madras State aid to Industries Act to provide credit facilities to new and nascent industries or industries newly introduced into an area or cottage industries. We further recommend that any Government as stance in regard to provision of capital under such legislation should be given through the Industrial Corporation if and when one is established in any province.

This suggestion is worth consideration and a similar act should be passed in the U P also

MARKETING

The question of marketing the products of all classes of industries is very important. At present the Arts and Crafts Emporium is helping the marketing of artware. A new policy was enunciated in 1929 and the

Emporium was to be partly a business concern and partly a publicity propaganda agency to be subsidised by Government to the extent of Rs 20 000 a year. It was to work on a sample and catalogue basis buying against orders received and to acquire a reputation for selling articles of good workmanship at a fair price.

The total sales of the Emporium have been as below —

Year	Sales in Lucknow Rs	Sales in foreign markets Rs	Total sales including those in England Ps
1924-25	24 443	3 375	27 768
1925-26	9 174	11 895	21 0 2
1926-27	17 531	9 721	29 252
1927-28	8 611	4 090	1 701
1928-29	10 467	14 206	24 773
1929-30	23 633	4 714	28 347
1930-31	23 996	2 935	26 931
1931-32	18 463	3 861	20 741
1932-33	24 754	806	48 940

It will thus be seen that foreign sales have declined in value but the total business is increasing. It has not made any noticeable improvements in cottage industries has failed to introduce any designs and has not developed foreign markets though it was to be its primary function.

The policy of the museum is sound and no change therein is required. The Emporium should remain an agency for publicity and propaganda receiving a subsidy from government and partly a business concern but the development of export trade should be its main function.

A change in system is required. The introduction of new shapes and designs should be supplemented by arrangements for ensuring that the articles are manufactured accordingly. There must be some agency for seeing that orders are properly executed. The agency of local dealers and middlemen is unsatisfactory. They charge their own profits and try to increase them by putting as low a price as possible to the cottage workers. Sometimes they supply articles direct to consumers and encourage cut-throat competition which leads to a deterioration in the quality of the articles and brings damage to the industry.

Co-operative societies should be started and subsidised by the State. Through them orders can be placed on the definite understanding that they must arrange for their proper execution and deal fairly with manufacturers. The touring staff of the Department can see to this thing. The Emporium may if necessary put its clients into direct touch with such co-operative societies.

The Emporium is encouraging sales in India

by advertising in a number of provincial papers and by sending out catalogues. Agencies have been established at Darjeeling, Calcutta, Assoree etc. and goods from the Emporium are being exhibited free of charge at the fairs at Allahabad, Ahmedabad, Bhopal etc. The provincial depots at Lahore, Patna have been made the selling agents for the Emporium. More agencies should be established at important towns and the Emporium may open its own shop for a year or two after which it ought to be entrusted to a private agency under a suitable system of subsidy. In this manner reliable persons will be available for pushing the sale of articles.

Foreign trade in artware should be developed. The Emporium has been doing this by issuing advertisements in foreign magazines by sending out catalogues by forwarding exhibits to the Indian Trade Publicity Office and by taking part in a few overseas exhibitions. No organised effort has so far been made to keep a permanent contact with foreign markets. These arrangements are inefficient and occasional participation in exhibitions is not enough.

For this purpose a suitable agency should be established in London. Adequate security should be obtained from the agents and the maximum value of the goods which may be sent should be fixed in advance. The agency should obtain supplies from the U.P. through the Emporium only and should send information about the fairs and designs required. In addition to the methods of advertisement adopted by the agency the Emporium should continue and expand its present publicity and propaganda activities. Care should be taken to see that the prices charged from foreign consumers should not be high and goods of a high standard only should be sent which may serve as a guarantee of quality.

Personal contact is also necessary with foreign markets to secure which an officer should be sent on a tour to foreign countries and if possible the programme of tour should be so arranged as to fit in with important exhibitions and fairs. The officer should make a careful study of important foreign markets find out the special requirements of each and the lines of goods which are most likely to be in demand. Contacts should be maintained with important organizations and merchants who may be able to act later as correspondents for supplying market reports regularly.

NON ART PRODUCTS OF COTTAGE INDUSTRIES

Such products are in urgent need of state assistance and so far nothing has been done to help these industries in marketing their wares. The hand loom industry, the Morada bad plate and the brass wares industries are some of the industries belonging to this category. Cottage workers should be taught to specialize in the manufacture of articles which do not compete directly with factory products.

There is little possibility of developing foreign markets for them but the internal market requires to be developed by various methods of propaganda and publicity. Some governmental organization is necessary for this purpose which should be able to secure orders on behalf of the cottage workers arranged to keep samples of standardised articles and bring them to the notice of consumers. This may be a commercial museum run by the government. It need not take up sales but its main business should be to bring consumers and cottage workers directly into touch with each other.

These efforts must be supplemented by an organization which would purchase the goods for sale. The cottage workers should be enabled to obtain fair market prices which they are not able to secure at present. Reliable firms of this type should be found each of which would purchase a particular class of articles as soon as they are made and then market them. Such firms might be given a subsidy on a sliding scale depending on the value of the goods purchased. The buying agents would be under an obligation to purchase all the goods produced provided they are up to the standard. The purchase prices of such goods would have to be settled beforehand and arrangements will also have to be made for the purchase of the raw material so that the cottage workers may not be adversely affected by the fluctuations in the prices of raw materials. The goods should not be sold to any other agency. Alternatively, the price paid by the buying agents may not be fixed in advance but should bear a definite relation to the price of the yarn used. In the beginning the sole agency should confine its activities to articles made by co-operative societies of cottage workers. These workers can be easily trained to manufacture articles up to a standard and in the case of goods manufactured by them the purchase prices can be fixed in advance. Afterwards the sole buying agents can be

appointed for dealing with articles produced by other workers.

The products of organized industries also require some sales organization though the problem of marketing in this case differs from the disposal of the products of cottage industries inasmuch as the former can hold up goods in anticipation of better prices and can also appoint their own agents. But in the case of the smaller concerns there is the problem of bringing the goods to the notice of the consumers. In most of the large towns there should be a network of stores where buyers can purchase genuine U P made goods. These stores may work on a commission basis and they should aim at stocking primarily articles of every day use.

There should also be a central organization on a limited liability basis, aided by the State, which should recognize these stores as its own agents and which will also supervise and control them. It may be called the United Provinces Marketing Organization. Its capital may be five lakhs of rupees and the Government may have to purchase a proportion of its shares to create confidence.

EXHIBITIONS

Participation in exhibitions would be of the greatest value for all industries but the work done at an exhibition should be followed up. A report about each exhibition relating to the popularity of the designs exhibited and the tastes of the consumers should be passed on to the Emporium and any other organization in touch with manufacturers. The aim of participating in an exhibition should be to establish permanent trade connections by getting into touch with prospective buyers. These remarks hold good both in the case of inland and foreign exhibitions.

Besides, there should be a permanent in-dustries fair to exhibit samples of articles manufactured in the U P. In course of time, manufacturers will realize the value of such a fair and supply samples free of charge, which in the initial stage may have to be purchased. Though in the nature of a museum this fair will be quite different in its scope from the Emporium and the commercial museum which will be agencies for promoting the marketing of the products of small industries.

INDUSTRIAL SURVEY

An industrial survey is necessary to obtain a clear idea of the position of industries in the province and the first step towards this is to collect statistics relating to the existing industries of all the three types with reference to the quantities and values of products

manufactured raw materials used number of persons employed wages paid and similar other information. Barring industries covered by the Factories Act adequate and regular statistics of other industries are not available. In the U S A Canada and other countries systematic surveys are undertaken and the same should be done in the U P. The results will give valuable guidance regarding policy and action to be pursued. A Government publication entitled the U P Economic Survey may be published which later on can be made an annual publication.

Further there should be some general organization called the Provincial Economic Council to work in close association with the Minister of Industries and with the Provincial Council should be associated a committee of experts to investigate questions and submit results and schemes to government for action. The Provincial Economic Council should consist of representatives of business industries legislature government etc. The business of the Council should be to enunciate policies for the guidance of unofficial bodies and for influencing the policy and action of Government.

There should also be Local Economic Councils for important cities and districts. There are such bodies in countries like Italy where the expenses of such bodies are met by subscriptions from the businessmen who join such councils but the work of collecting these subscriptions is entrusted to the government. This system can be tried in this country also and any area may be allowed to constitute itself into a unit if it can provide itself from its own resources with a council and an executive staff. Such councils should receive

grants from municipalities business firms and persons interested in industrial development. In each unit area there should be a representative of the Government Department of Industries working in co-operation and collaboration with the non official Council Industries.

Each Economic Council should start with definite programme for the coming year and a provisional programme for at least few years say five or three in advance. Everything possible should be done by propaganda lectures etc to educate the public the importance of industries for the economic rehabilitation of the area. This will also promote co-operative efforts for a common interest. Local Economic Councils should be an important part of the programme because they will make people industrial minded and also because they will be able to find openings for our educated unemployed for their activities. Thus they will teach the people to work together for common benefit and help to encourage the growth of minor and cottage industries. The members will be familiar with the resources of the locality and the Councils will try to encourage the production of commodities for which there is a assured market within the area of its influence or outside.

In conclusion it may be said that the financial policy of the government the railway rates policy an adequate provision of statistical research technical education etc coupled with the scheme enunciated above should go a long way for the economic and industrial rehabilitation of the country as well as our province.

The British system of unemployment insurance has long been regarded as a model of its kind notwithstanding the criticisms levelled against it from time to time. Briefly it amounts to this: When a person is in employment he or she pays a small weekly sum of money and the employer pays another small sum to the State. Then if the insured person should fall out of work through no fault of his own he receives a sum of money each week while unemployed. The scheme works admirably and thanks to its provision there has been no suffering amongst English unemployed workers comparable with that recorded of other countries.—From the *Bulletin of the Central British Chamber of Commerce* Mexico City.

A Seat on the Stock Exchange New York as sold at \$1000 which is said to be the west price since 1919.

A surplus of revenue over expenditure estimated at £E4 000 000 is anticipated for the Egyptian financial year ending April 30.

Great increases in Ceylon's purchases of cotton piece goods from Great Britain have followed the restriction of Japanese import according to the latest Chamber of Commerce returns commenting on the enormous progress in recent months. Almost every ship from Britain brings large quantities and imports are nearly up to the 1923-22 average.

The Red Cross and Civil Aviation

By Carl Petersén,

Director, Relief Division, League of Red Cross Societies

Reviewing the phenomenal progress made in late years by aviation, my memory is carried back over a space of some thirty years to Stockholm, at the time when the first motor show ever held in that city was attracting much surprised attention. A reporter attached to one of the leading Swedish dailies wrote an enthusiastic account of the new invention, but was somewhat sceptical as to its practical value, deeming that it could never become anything more than a costly plaything for the wealthy or for sportsmen. If I remember rightly his article concluded with the opinion that Sweden at all events, would never have any practical use for that innovation on account of her mountains and snows.

At about the same time a distinguished physician in Paris was asked if he thought there was any future for the motor ambulance. His reply was to the effect that such an undertaking would not be without risk, since it involved the construction of a closed car and the noise of the motor would be harmful for the patients! We know how long it took to overcome this objection.

Since then a new form of transport has come into existence—the aeroplane. If the same two men were asked to-day for their opinion on this latest means of locomotion, I am convinced their reply would be very much less conservative. In all probability they would prophesy that, thirty years hence there will be as many private touring planes as there are motor cars to-day and that they will be regularly used for the transportation of the sick and injured. This being the case, it is high time to begin studying the most effective means of adapting touring planes for use as ambulances.

The problem of constructing special ambulance planes has already been solved, and the conveyance of invalids by air has passed the experimental stage, having been extensively practised for some years past in thinly populated areas where means of communication with the rest of the world are few and far between. The experience of Sweden in this domain during the last

decade has served as an example for other countries.

The big commercial air liners and army aircraft are now frequently called upon to serve as ambulances. With the growing tendency to construct more and more powerful machines, however, there has been a corresponding increase in the cost of transportation. This financial aspect of the problem has led to the consideration of the small private touring plane as an inexpensive substitute. Owners of private planes have given a warm reception to the plan, and have offered to place themselves and their machines at the disposal of the public in case of need. In collaboration with the International Federation of Aero Clubs the League of Red Cross Societies set up a committee—comprising representatives of the League, the International Federation and the Permanent Committee of International Air Ambulance Congresses—for the purpose of working out a satisfactory system whereby private aeroplanes can be utilised by the Red Cross for the transport of the sick or for service in time of public disaster. The principal Red Cross representative on this committee is the Marquis de Lillers, President of the French Red Cross while Prince Bibesco represents the International Federation of Aero Clubs, of which he is the Chairman. The Permanent Committee of International Air Ambulance Congresses is represented by Professor Cardenal, of Madrid.

The committee has already held two sessions and the problem is nearing solution. The question is more complex than it appeared at first sight, for the uses to which air transport can be put in time of emergency are many and varied, and consequently require careful planning. Apart from the transportation of patients the private plane can render valuable service in the training of nurses to escort patients by air and especially in time of disaster by rushing supplies and medical aid to the scene of the catastrophe, by making aerial surveys of the stricken territory and by carrying messages back and forth when ordinary means of

communication have been cut off, as in the case of earthquakes or floods. The aeroplane has frequently had occasion to prove its value in locating skiers, mountaineers and explorers lost amid the ice and snow or in the desert. Thousands of lives have been saved by the providential arrival by air of serums and medical supplies to combat sudden outbreaks of epidemics. Aeroplanes have also been used in ridding certain regions of insect plagues.

It has rightly been claimed that the credit of establishing the first permanent air ambulance service comprising aeroplanes specially constructed and equipped for the conveyance of sick and injured belongs to the Swedish Red Cross under the enlightened leadership of its President Prince Carl. France however was the first country to make use of private aircraft for this purpose and for service in time of disaster.

Economics in the West.

The Struggle between Gold and the Dollar

London April 1st 1935—President Roosevelt assisted by the Supreme Court of the United States has accomplished the impossible in the severance of the relationship between the dollar and gold which everyone assumed until 1933 to be unbreakable. The task has taken two years to complete, by a devious set of legislative and other measures. We think therefore that many of our readers will find useful a recapitulation of the steps involved in the process. To this summarized history are added some first thoughts on the consequences of the action taken.

Our story must begin with a reminder that, by virtue of the Constitution of the United States the power to determine the relationship between the currency and its metallic basis is vested in Congress subject to limitations expressed in more general passages of the fundamental document. Moreover, to Congress is entrusted the duty of maintaining parity between all forms of currency and between them and the basic metal. From 1837 until just over a year ago the effective basis of the monetary system of the United States was a dollar containing 23.22 grains of fine gold making one ounce of fine gold worth about 20.67 dollars. In 1933 the circulating medium besides various forms of paper money proper silver dollars and token coin included both actual gold and gold certificates. These last like gold itself were legal tender in payment of all debts and were exchangeable for gold on the bearer's demand. Their appearance dates from 1863, when the Treasury was authorized to issue them at par against

deposits in the Treasury of gold coin or bullion. Though circulating freely as paper money they were thus everywhere regarded as warehouse receipts for gold being supported by a full backing of earmarked gold and eligible in lieu of gold itself as legal reserve against other forms of paper currency. In recent years for various reasons gold coin and certificates had declined in relative importance as part of the circulating medium in the hands of the public but even so late as the beginning of 1933 their proportion of the total money in circulation was about one fifth. Other forms of paper currency were convertible into gold on demand while conversely gold was readily convertible into paper currency. Thus free interchangeability was maintained between gold and currency and the United States currency system was as securely attached to gold as if the only circulating media had consisted of full bodied gold coins.

In most countries a system like this was enough to satisfy creditors of the security of their position against currency depreciation in terms of gold. In America however, a habit had been established in less settled times of making assurance doubly sure by inserting in the great majority of long term debt contracts what came to be known as a gold clause. By this device the dollar in terms of which principal and interest due under the contract were to be paid was defined as that dollar whose gold content was prescribed by law at the date of borrowing. Typical of such clauses is the following probably the most usual form of words, taken from a United States Government

bond Principal and interest payable in United States gold coin of the present standard of value. The risks which the gold clause sought to counteract were those generally associated with inflation and its wide prevalence was an incidental result of the Civil War in the sixties of last century while it received enlarged acceptability from the vigorous silver campaign of the nineties. Thus the use of gold clause although for many years special to North America became habitual there. The Federal Government itself conformed to fashion and in practically all bonds issued by states cities rail ways public utilities and industrial corporations similar clauses were inserted. Thus the relationship between gold and the dollar established by the coinage laws seemed to be doubly fixed beyond possibility of any thing more than the most trifling revision.

EARLY GOVERNMENT ACTION

This apparently unbreakable relationship however was completely ruptured by a series of Federal Government measures which began immediately on the assumption of office by President Roosevelt. First under the Presidential proclamation of March 6 1933 which decreed the general closure of the banks the freedom to demand gold in exchange for paper currency was suspended. The authority for this step an Act of 1917 was reinforced and prolonged by the Banking Emergency Act passed almost immediately which conferred in the President far reaching powers of control over the currency in the event of a banking emergency. These powers were at once used to sustain the suspension of gold payments. The law is of indefinite duration and the declaration of an emergency is within the absolute discretion of the President.

The next step was to suppress almost entirely the time honoured freedom of dealing in gold. First under the authority of the same war time Act as amended by the Emergency Banking Act already referred to an executive order was issued on April 5 1933 prohibiting the hoarding whether by individuals or business undertakings of gold coin gold bullion and gold certificates. With the exception of gold for use in industry and the arts or gold held for foreign banks or for immediate re-export, all holdings of gold and gold certificates in excess of \$100 per person were required to be delivered to the banks in exchange for other forms of currency. And finally in January

1934 again under the authority of the Emergency Banking Act all gold coin gold bullion and gold certificates were ordered to be handed over to the Treasury, while the Gold Reserve Act of the same month provided for permanent concentration of the country's gold stocks in the Treasury. Thus it became unlawful—and as far as can be seen permanently unlawful—for unauthorized private individuals and business undertakings to have anything to do with gold except mine it and even then the gold is surrendered to the Treasury at a specified price. Internally, then gold and gold certificates were withdrawn entirely from the available media of spending and accumulation the Treasury alone is entrusted with custody of the monetary stocks of the base metal. In practice this arrangement is very little different from our own but it was achieved only by revolutionary action in a country whose gold supplies were far greater both absolutely and relatively than Great Britain's.

Contemporaneously with these steps a sharp cleavage was effected between the dollar and its gold value as expressed in its relationships with other currencies. For a short time following the declaration of the bank holiday throughout the United States the dollar remained at about its gold parity in the foreign exchange markets. The position was materially altered however and the dollar underwent a sharp decline when in April 1933 the President used his new powers to retain a rigid control over the export of gold. At first such exports could be undertaken only under licence from the Treasury. Later the power to export gold was definitely restricted to the Treasury or its agents in practice the Federal Reserve Banks. Originally again restrictions were placed on American lending abroad and on purchases by Americans of foreign exchange. These last however have recently been removed and dealings in foreign exchange are now entirely free.

These steps would have been sufficient to attain the desired result—a revision of the relationship between the dollar and gold—but for the presence of the gold clause. Clearly without some explicit definition by Congress of the obligations of debtors under gold clause contracts the changed relationship would have resulted in grave disturbance and inequity. Accordingly on June 5 1933 Congress adopted a joint resolution,

approved by the President on the same day, which declared it to be against public policy that a contract should provide for payment to be made in gold or in an amount in money of the United States measured thereby. Existing gold clauses were declared inoperative, and their insertion in future contracts were prohibited. All outstanding obligations were declared to be fully dischargeable by payment, dollar for dollar, in currency which at the time of payment was legal tender. Technically, Federal Reserve notes—the principal form of paper currency—although redeemable in gold, had not been legal tender, hence a declaration was added to the effect that all coins and currencies of the United States, either issued or to be issued, were legal tender for the payment of all debts. No limit of time was set for the effectiveness of these provisions. It was estimated that when the joint resolution was adopted there were outstanding in the United States \$75,000 millions or more of obligations containing the gold clause but it is not clear whether this total included the \$21,000 millions of Government gold bonds of which about \$9,000 millions have since been redeemed or converted. Gold bonds had continued to be issued right up to the date of the resolution the Government itself having issued \$550 millions of such obligations only a month previously.

The final change was accomplished by direct action upon the gold content of the dollar. This long-awaited step was taken just over a year ago, but the intention of taking it had been generally recognized for some time previously. Under the agricultural adjustment Act of May 1933 the President was granted power to change the weight of gold in the dollar in such amounts as he finds necessary from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies. He was prohibited, however, from reducing the weight by more than 50 per cent of that so long in force. Next under the Gold Reserve Act of the following January an upper limit of 60 per cent of the old parity was placed on any new weight of the dollar, and almost immediately, on January 31, 1934, the President reduced the weight of the dollar to 155.21 grains of gold 9.10 fine, that is just over 59 per cent of its former weight, and the fixed price of fine

gold per ounce became \$35. These figures, however, are subject to the possibility of their revision. The President's power of alteration was limited to two years, that until January 1936 but it was made subject to extension for a further year at the discretion of the President. Although, however, his powers of alteration are limited, as they are used the new parity, subject to revision within the period is perpetuated. Moreover, it appears that, while the content of the dollar may be lowered still further, the limit of 50 per cent or any intermediate point the President has no power to restore it beyond 60 per cent. Shortly after the devaluation of January 1934 an amended form of gold standard—in essence a type of gold bullion standard—was ordered for external purposes, new parities came effective between the dollar and the few remaining gold currencies the force between gold and the dollar was simplified, though the re-marriage was of a new dollar, radically different from the old. Identically, the time honoured parity of 35 2/3 between the dollar and the pound was cast on the scrap-heap and the nominal relationship, pending the determination of a new gold content of the pound stands now at the strange figure of \$8.24.

THE GOLD CLAUSE JUDGMENTS

The drastic change in the relationship between the dollar and gold was thus achieved by a devious process and the difficulty of some of the steps taken has not been unchallenged. Two questions of major practical importance arose from the peculiar complexities of America's monetary arrangements. The first concerned the payments made by the Treasury for gold certificates handed over to it in fulfilment of the anti-inflationary regulations. Inasmuch as the Treasury held against these certificates an equivalent amount of gold at the old parity, what it not—so ran the question—to pay out an enlarged number of dollars, equivalent to the enhanced value of gold behind the paper? The second question concerned the service and redemption of bonds. Was a bond containing the gold clause fully met by payment in the stated number of new dollars, or ought the debtor to pay an enlarged number, calculated on the difference between the old and new gold parities? As a subdivision of this question, was any difference to be observed between United

States Government bonds and other bonds bearing a gold clause?

The Supreme Court of the United States the final tribunal has now effectually answered these questions by giving its decision on specific cases coming to it through long legal procedure and the decisiveness of its pronouncements is not impaired by lack of unanimity among the individuals composing the Court. On the question whether gold certificates should be redeemed in a proportionately larger quantity of new dollars the answer was in the negative. In the case under consideration a Mr. Vortz was the owner of gold certificates to the nominal amount of \$106,300 and on surrendering them on January 17, 1934, under compulsion from the Treasury, he claimed that since it was unlawful for him to receive gold he should have been paid an enlarged amount in dollars covering the depreciation of the dollar in terms of gold. On the material date the dollar value of gold in his submission was at least \$33.43 per fine ounce to be precise he claimed 170,634 dollars and seven cents. The Court held that he was entitled to receive only the face value of the certificates for it was asserted gold certificates were not warehouse receipts and to give them that definition would defeat the requirement that all forms of currency be maintained at parity with each other. The Court found in part as follows: These gold certificates were currency. They were not less so because the specified number of dollars were payable in gold coin of the coinage of the United States. Being currency and constituting legal tender it is entirely inadmissible to regard the gold certificates as warehouse receipts. They were not contracts for a certain quantity of gold as a commodity. They called for dollars not bullion. Consequently it could not be said that by receiving the face value only of the certificate the holder had sustained any loss.

On the question of gold bonds the judgments differed as between those issued by private corporations—and the judgment on this point doubtless covered State and municipal bonds—and those issued by the Government. The decision in respect of private bonds was given on a suit brought by Mr. Norman C. Norman upon a coupon of a bond issued by the Baltimore and Ohio Railroad Company, the bond providing that principal and interest will be made

in gold coin of the United States of America of or equal to the standard of weight and fineness existing on February 1, 1930. The coupon in question having a face value of \$22.50 became due on February 1, 1934, by which time Congress had declared such clauses to be inoperative and the dollar had in fact been devalued. The bondholder maintained that he was entitled to an amount in new dollars equivalent to 22½ old dollars that is \$38.10. This contention the Court rejected holding that Congress was within its rights in abrogating for sufficient reason the gold clause in private contracts. Under the Constitution Congress has power to coin money [and] regulate the value thereof. The Court took the view that it is clearly shown that these clauses interfere with the exertion of the power granted to the Congress and certainly it is not established that the Congress arbitrarily or capriciously decided that such an interference existed. Accordingly the gold clause in private contracts could be regarded as both dead and buried.

The decision of the Court with regard to Government bonds was by no means so clear. The case concerned a bond for \$10,000 issued in 1918 in which it was provided that the principal and interest hereof are payable in United States gold coin of the present standard of value. The defendant, the United States Government, had refused to redeem the bond when presented for redemption in May 1934, except by the payment of 10,000 dollars in legal tender currency, the refusal being based on the authority of the joint resolution of the Congress. Mr. Perry, the holder, contended that he should have been paid in new dollars approximately \$17,000. The Court held first that Congress notwithstanding its power to regulate the value of the currency had no right to modify the terms of a contract to which it was itself a party, and this was the sole point on which the Court was unanimous. The promise obviously was intended to afford protection against loss to assure any one who lent his money to the Government and took its bond that he would not suffer loss through depreciation in the medium of payment. Having power to authorize the issue of definite obligations for the payment of money borrowed, the Congress has not been vested with authority to alter or destroy those obligations. The

conclusion was reached that 'the Joint Resolution of June 5 1933 in so far as it attempted to override the obligation created by the bond in suit, went beyond the Congressional power.

Passing to the application of this decision the Court divided again, and the majority's further ruling rendered the primary decision devoid of any practical effect. Admittedly Congress had overstepped its authority in abrogating the gold clause in Government bonds, but, it was held the holder could not claim compensation since his damage was nominal and not actual. 'As a remedy for breach [of contract], plaintiff can recover no more than the loss he has suffered and of which he may rightfully complain. He is not entitled to be enriched. The question is whether he has shown damage.

The change in the weight of the gold dollar did not necessarily cause loss to the plaintiff of the amount claimed. The question of actual loss cannot fairly be determined without considering the economic situation at the time the Government offered to pay him \$10,000, the face of his bond in legal tender currency. On this reasoning Mr. Perry was shown to have sustained no actual loss and that for two reasons: first, because it was unlawful to hold gold or to transfer money abroad and in consequence no loss was suffered through the external depreciation of the dollar, and secondly, because the purchasing power of the dollar was greater, and not less, at the time of repayment of the bond than at the date of issue. The findings of the Court on this matter may well prove epoch making and they are therefore worth quoting at some length. 'In considering what damages, if any, the plaintiff has sustained by the alleged breach of his bond it is inadmissible to assume that he was entitled to obtain gold coin for recourse to foreign markets or for dealings in foreign exchange or for other purposes contrary to the control over gold coin which the Congress had the power to exert and had exerted in its monetary regulations. Plaintiff's damages could not be assessed without regard to the internal economy of the country at the time the alleged breach occurred. And in view of the control of export [of gold] and foreign exchange, and the restricted domestic use of the question of value would require a consideration of the purchasing power of the dollars which the plaintiff could have

received. Plaintiff has not shown that in relation to buying power he has sustained any loss whatever. On the contrary, the payment to the plaintiff of the amount which he demands would appear to constitute not a recoupment of loss in any proper sense but an unjustified enrichment. Thus the action of Congress in abrogating the gold clause was in effect upheld, both in respect of Government and other bonds.

The decisions thus outlined were by no means unanimous—indeed they were almost as far from unanimity as they could be. On all but the one issue mentioned the Supreme Court was divided, five members against four. The minority used strong language in condemning the action of Congress which was said to amount to confiscation of property rights and repudiation of national obligations. They argued that the prohibition of the holding of gold and the suspension of gold payments in no way defeated the claim of the holder of gold bonds or gold certificates to an enlarged number of dollars, representing the new dollar value of the prescribed quantity of gold. Devaluation of the dollar involved the destruction of lawfully acquired rights which it was the duty of the Court to uphold. The attempt by Congress to render the gold clause inoperative was beyond its powers and was plain usurpation, arbitrary and oppressive. There remained under the majority decision no safeguard in the law or the Constitution against unlimited depreciation of the currency unit. In conclusion said the minority 'loss of reputation for honorable dealing will bring us enduring humiliation the impending legal and moral chaos is appalling.'

OUTSTANDING QUESTIONS

For practical purposes it is sufficient that the fallible human mind pronounced the vital Yes or No and in consequence the power of Congress to vary the gold content of the dollar might now be regarded as established, and the gold clause as dead as a door nail. In fact, however, some outstanding questions remain and may even call for further action. Two of them may be briefly stated, and both arise from the presence of the gold clause in many outstanding Government bonds. First, could a foreign holder of such a bond establish a claim for damages seeing that he was not

subject to the restrictions on exchange transfers from the United States? Might he not argue successfully that owing to the external depreciation of the dollar he suffered damage which ought to be compensated? And secondly, could an American holder of such a bond claim damages if during the currency of the bond the purchasing power of the dollar had moved against him? Imagine for example a bond issued in 1913 or 1933 and repayable now when commodity prices are higher could the holder claiming actual as against Mr Perry's nominal damages successfully prosecute a claim for compensation?

There are probably good answers in law or economic theory or practice to each of these questions. On the first—the foreign holder's claim—the Court might rely again on the theory of purchasing power pointing out that the foreigner though receiving less in his own currency than he would have had in the absence of devaluation would find that lesser amount capable of purchasing just as much goods or more as the sum lent to the Government when the bond was issued. To give him the enlarged amount claimed in his own currency would confer upon him as upon an American holder an unjustified enrichment. As for the second question the vast bulk of outstanding Government gold bonds was issued when prices were higher than now for the remainder the differences in purchasing power are relatively narrow and extremely difficult to compute with accuracy or equity. In order then to avoid any injustice as between one holder and another—having regard moreover to the probability that comparatively few old bonds are in original subscribers' hands—Congress might close the Court of Claims against any further applications. The United States cannot be sued except with its own consent and a good case could doubtless be made for withholding consent to any further actions. In any event fresh claims could arise only on United States Government bonds and these are being converted as rapidly as possible into unqualified dollar obligations. Already up to the time of the judgments the amount of Government gold bonds had been reduced within twenty months from \$21,000 millions to \$12,000 millions notwithstanding the increase in the public debt. Since the judgment a further \$4,000 millions of gold bonds has been called for early redemption. Thus

the United States Government which did much to popularise the gold clause and kept it in use until the last possible moment is now setting the pace for its complete abandonment.

SIGNIFICANCE OF THE DECISIONS

Accordingly the struggle for enforcement of the gold clause in America is for all practical purposes at an end whatever may be the fate of the clause in countries where since the war it has attained a partial footing. In making a preliminary assessment of the portent of the conclusions reached it would be wrong to overlook the negative consequence of the Supreme Court's judgments—the avoidance of disturbance unparalleled even in the economic history of the United States. The writing up by two thirds of tens of thousands of millions of contractual obligations would have entailed bankruptcies, receiverships, moratoria and suspensions of business on an unexampled scale and would have delayed indefinitely the possibility of orderly recovery in the United States. On the more positive side, the judgments have established beyond peradventure the right of Congress as of all sovereign powers to vary the gold content of the dollar. The significance of the decision is hard to estimate so early. A similar power has resided in governments from time immemorial its challenge in the United States arose as an incident of special financial arrangements in use there. In 1837 the United States Government made a slight alteration under a bimetallic system in the content of the gold dollar but since then gold parties had everywhere been regarded as sacrosanct. Only such circumstances as a world war could be held to justify an alteration such as was undertaken by the French and other governments after the war. The action of the United States introduced a new principle—the right to use an inherent power not only to regularise an existing situation but if thought fit to establish a new one. In short gold parties can no longer be regarded as interminably fixed.

The other facet of this matter is presented by commodity values. The abrogation of the gold clause brings a stage nearer the achievement of essential justice at long distances of time between lenders and borrowers. Hitherto the world has had to choose or rather to delegate the choice between stability of the value of its currency

in terms of gold and stability thereof in terms of goods. Until recent years the choice has been almost invariably for the first but the choice may not always be necessary since means may be evolved for retaining stability in terms both of gold and of goods. Whether that possibility be translated into practice or not the suppression of the gold clause contributes to a fuller recognition of a due sense of proportion between the two desiderata. On several occasions President Roosevelt has emphasized stability of purchasing power over goods as the essential quality of sound money. The verdict of the Supreme Court strengthens the foundations of his policy and underlines the vital character of his principle. It has brought the world nearer to acceptance of the truth that justice can be done between debtor and creditor only by the maintenance of a steady purchasing power of the monetary unit.

Perhaps in the long run one of the most important consequences of the Supreme Court's judgment may be the substitution for the gold clause of a far more logical proviso which we may describe as a commodity clause designed to protect not only creditors but debtors as well. It will be recalled that a clause of this kind was introduced into the annuity provisions of the Dawes Plan of 1924. Germany's repa-

raments were to be subject to modification upward or downward in accordance with variations in the purchasing power of gold currencies. Six years ago in commenting on the Young Plan which supplied it we noted the omission of this proviso from the schedule of annuities then arranged and experience has since shown the omission to have had tragic results. The gold value of a currency is now coming to be regarded as of secondary importance as its purchasing power over goods as primary. It may be therefore that the suppression of the gold clause in American negotiations may lead to attempts to safeguard the position of both debtors and creditors by the inclusion in debt contracts of a clause establishing a relationship between money goods and this may come to form a new basis not only for internal but for international obligations through which fluctuations in the commodity value of money will such appalling consequences as have been obvious in recent years. If this development takes place the world will have cause to thank the names of the five judges who found a means of breaking the shackles which by long custom had bound the dollar in gold and threatened to prevent it from playing its full part in the re-establishment of maintenance of economic health.

Canadian Trade and Finance.

The Canadian Livestock Industry

Montreal April 2 1935—During the second week of March shipments of live cattle from Canada to the United States were nearly as large as for the whole of the preceding year (1934) and exceeded those of 1933. Sales of 6,117 head were reported for the week as compared with a total of 6,567 in 1934 and 5,734 in 1933. This movement which began late in January electrified an unrepented market and intensified the competition for finished cattle which had previously been in demand for export to Great Britain. The immediate cause of the opening of this new outlet was the shortage of good animals in the United States resulting from adverse feed conditions and the rapid rise in cattle prices in Chicago from a depression low of \$7.30 per cwt to a top price in January of \$13.65 for choice steers

with a top price at Toronto for choice steers at \$7.00 per cwt this margin allowed the profitable shipment of Canadian cattle to the United States markets in spite of the barriers imposed by the Smoot-Hawley tariff.

In January 1,271 head of cattle were exported to the United States and in February 2,534 head were shipped. The movement gained momentum—in the first week of March shipments amounted to 4,841 head and in the second week to 6,117. During the first ten weeks of the year a total of 19,883 head of Canadian cattle was shipped to the United States as compared with 879 head during the first three months of the preceding year.

From \$5.60 per cwt for choice steers at Toronto in the second week of February

prices advanced to \$7.00 per cwt four weeks later. This has narrowed the margin between prices in Canada and the United States and it is reasonable to expect Canadian prices to continue to advance until prices in the domestic market plus tariff imposts and carrying charges to United States points balance the prices ruling in those markets. On the whole conditions are favourable for a continued advance in prices in United States markets. It will require an appreciable interval before the shortage in the United States can be overcome. Since shipments from Canada can constitute but a fraction of a per cent of the total slaughter requirements in the United States it is unlikely that there will be strong objections to these imports on the part of the livestock industry in the United States. Certainly such objections are not likely to receive serious consideration from that Government at a time when the United States hopes to negotiate a mutually favourable trade treaty with Canada.

During the past few years Great Britain has been the principal export market for Canadian cattle. In 1933 and 1934 shipments to that market amounted to 50,000 and 54,000 head respectively. Stringent regulations concerning cattle imports to Great Britain together with the recent rise in prices in Canada has retarded sales to Great Britain and exports to that market in 1935 have been substantially reduced. In the past British cattle importers have frequently complained that Canada cannot be depended upon as a source of steady supply. It has been their contention that the expense of establishing transportation facilities and building up the market is not justified. As against this viewpoint however it can hardly be contended that the Canadian livestock industry is to be blamed for taking advantage of a price differential as great as that provided by the recent rise in prices in the United States.

In demand for Canadian bacon however, the British market is paramount. For some months packers have complained of a shortage of bacon hogs suitable for export to Great Britain. The demand in British markets for the Canadian product has improved rapidly since the conclusion of the Ottawa agreements. Exports of bacon and hams from Canada to Great Britain amounted to 306,934 cwt in 1932, to 732,972 cwt

in 1933 and to 1,204,202 cwt in 1934. Shipments still show an upward trend, returns for January 1935 showing exports of 136,410 cwt as compared with 96,932 cwt in December and 112,448 cwt in January 1934. This market is still capable of further expansion as Canadian shipments of bacon to Great Britain are still less than half the maximum of 2,500,000 cwt allowed under the Ottawa agreements.

Along with the recent increase in demand for livestock there has been a corresponding improvement in demand for feed grains and other fodder. Owing to the drought there has been a heavy demand from the United States for low quality wheat, hay and other fodder. Seven and one half million bushels of low grade wheat have been shipped to the United States since last August. Moreover with improved prices being offered for well finished livestock the feed requirements of the Canadian livestock farmer have also increased.

FARM PRICES IN CANADA AND THE U.S.A.

It is a notable sign of recovery that since the beginning of 1932 farm prices have advanced by more than 50 per cent in Canada and by more than 75 per cent in the United States. Throughout 1933 and 1934 the rise was rapid and reasonably consistent except for the brief periods in the autumn after the harvests. In the early part of 1935 this same trend is being maintained and within the past six months the price of cattle, for instance, has almost doubled in the United States and increased by 30 per cent in Canada.

In every depression the decline in whole sale prices is more rapid and of greater magnitude than that of retail prices and most severe in raw materials particularly farm products. At the worst of the depression the divergence between these curves reaches a maximum and the period of recovery is marked by their gradual convergence. Before the present depression each of these Canadian and United States indices touched or averaged 100 in 1926. They reached the point of maximum divergence early in 1932. The curves give excellent evidence of the consistency of the succeeding recovery.

On the whole it is not unnatural that the prices of farm products suffer disproportionately in time of depression. Agriculture is not under the relatively centralized

control which prevails in industry and the individual farmer is compelled to meet falling income with redoubled efforts to increase production. With the fall of total volume of industrial production there is available a smaller and smaller volume of other types of goods for exchange for farm products. Demand and supply reduce the prices of farm products and in terms of farm income the cost of most goods advance.

The rise in the index of farm prices is indicative of a recovery in the purchasing power of the farmer and in itself indicates the probability of a constant stimulus to industry as the result of steadily increasing farm purchases. As farmers are able to buy more goods the purchasing power of the city will also increase and this in turn will be reflected in further increases in the purchases of farm products. The cumulative effect of the constructive forces at work during recovery is of as great positive influence as were the destructive forces which accentuated the decline.

The drought which reduced the North American harvests of 1933 and 1934 is responsible for no small share in this advance in farm prices. As an offset against the gain in the price indices of farm products stands the loss of volume of production occasioned by that drought. Both because of this factor and because of heavy fixed charges such as taxes and mortgage interest that have not declined with the price level the index of farm prices is not a true index of farm purchasing power. Further advances in the prices of farm products are necessary before the farmer can make heavy contributions toward general recovery.

Reduction in the total volume of production represents a direct decrease in the total volume of wealth in the world. No intelligent thinker is in sympathy with schemes put forward to reduce total volume of production by rigid control. In a period however when there was extreme disequilibrium between the various types of production drastic reductions in agricultural output have been a material element in the restoration of equilibrium. There are great numbers of people who have decried the efforts of the Agricultural Adjustment Administration in the United States in this direction yet many of these same people look upon drought and dust storms as acts of Providence and welcome the resulting rise in prices as a natural

lution of immediate difficulties. Equilibrium achieved by such wholesale destruction of crops may produce undue suffering to certain portions of the community but it may also lead to a more speedy restoration of balance than would prolonged efforts to restore the natural equilibrium either by government restriction of agricultural production or by artificial stimulation of industrial production. When the restoration is achieved by acts of nature the action is likely to be more drastic than anything that government would dare to undertake. It is notable that in 1897-1908 and on a smaller scale in 1924 years when business activity was definitely below normal there were exceptionally short crops and that in each instance the succeeding year was marked by exceptional bursts of improvement. There are large areas in the United States where the shortage of subsoil moisture constitutes an acute problem. In such areas exceptionally heavy rains rather than normal rainfall are the prerequisite to the restoration of fertility. Since the last crop most of the central area of the United States has had less than 75 per cent of normal precipitation and there are large areas where the precipitation has been less than 50 per cent normal. In these circumstances it is highly improbable that the harvests of the coming autumn will be of normal volume. For the farmers in the areas most seriously affected there will be no relief measures which can offset their losses but probably the agricultural community of the United States as a whole will be able to sell their products at high prices temporarily at least the farm communities may receive a proportionately large share of total national income.

For Canadian farmers also a serious crop shortage in the United States would mean a quick restoration of their purchasing power. There are relatively small areas in Canada which have been so seriously affected by the prolonged drought that normal rainfall will not restore fertility. Over most areas in Canada moisture conditions have been reasonably satisfactory this past winter. If the United States should need wheat from the Canadian West and oats and hay from Ontario and Eastern Canada during the coming year Canadian farmers will be among the first to receive the benefits of a rise in the general level of prices.

Canada Many people are inclined to forget that Japan, like other countries, uses her exports to pay for imports. In 1933 exports came within 16 million dollars of imports and in 1934 the balance was 31 million. The important fact remains that in both years the value of imports exceeded that of exports.

In 1934, silk gave place to cotton textiles as the leading export of Japan. In that year the total Japanese exports had a value of \$640,000,000 of which amount 22 per cent was accounted for by cotton textiles and yarns, 16 per cent by raw silk and silk tissues and 5 per cent by artificial silk. There was no other single item among Japanese exports having a value as great as \$15,000,000.

Among Japanese imports raw cotton constituted the largest single item, amounting

to \$204,300,000, the value of wool imports amounted to \$52,200,000. Iron \$47,900,000, machinery \$27,000,000 and rubber \$15,900,000, were the only other individual imports which had a value amounting to as much as \$12,000,000. The table on page 327 is based upon statistics in the *Commercial Intelligence Journal* for March 16, 1935 and shows the principal imports of Japan in 1933 and 1934 converted into dollar values.

The table also indicates the proportion of these imports which came from Canada. About four-fifths of their newsprint, one half of the lead, one fifth of the wheat and lumber and one-sixth of their pulp imports came from Canada in 1934. In that year Japan stood third among the nations of the world in total consumption of Canadian goods.

Whereas, in the Western Hemisphere, Florence Nightingale is looked upon as the embodiment of neighbourly love and self-abnegation, she is venerated in Japan as a manner of Buddhist goddess of charity. Near Hanayashiki, in the Hyogo Prefecture, on a hilltop, stands a monument to Gyoki, a famous priest of old Japan. One of the pillars bears a Red Cross emblem and an inscription in Japanese characters 'Florence Nightingale Kyuko Kanzeon', which may be roughly translated as 'Florence Nightingale, the goddess who saves mankind from hardship'. On two other sides of the pillar are words of praise for the great nurse, and the dates of her birth and death. This tribute to the 'Lady of the Lamp' is the work of an old Buddhist priest, Tsuyu Nakayama, who was a patient three years ago at the Red Cross Hospital at Osaka. While there he was deeply impressed by the self-sacrificing service of the nurses and, when he talked to them, they awakened his interest in Florence Nightingale. He found a perfect analogy between the humane ideals and practical work of this Christian woman and the mercy taught by Buddha, and resolved to perpetuate her memory and example. On returning home, he asked an artist friend to paint a portrait of Florence Nightingale, and placed it in his house with an ever burning lamp before it, in memory of the legendary lamp which the great woman always carried with her on her rounds in the Scutari hospital during the Crimean

War. Considering this lamp as a symbol of brotherly love, which must never be allowed to burn out, Tsuyu Nakayama has appointed a guardian to keep it constantly trimmed.

'Who Rules the World?' is the title of a book, claimed to be the shortest in the World, which has been published at Veliki Bechkerak, Jugo Slavia. Inside the book is one word—'Money'. The book has met with great success, and has already run into three editions.

Japanese dumping has increased so rapidly in Yugoslavia since the visit of a Japanese commercial delegation recently that it is now estimated that 30 per cent of the total imports and 50 per cent of the textile goods and porcelain used in South Serbia come from Japan. These goods it is stated, frequently bear marks suggesting they are of European origin. Another cause of the increase of Japanese imports is that many Jewish merchants in furtherance of the boycott of German goods, are pushing the sales of Japanese products. These goods are chiefly brought by air from Vienna and redistributed throughout Southern Serbia from Skoplje.

Notes on Rural Life.

By "A Son of the Soil"

We said in the last issue of our journal that we must refer to Mr Mahadev Desai's description of Sir Daniel Hamilton's Gosaba in the *Harijan*. Mr Desai has written three descriptive articles and one critical. The very heading of the series is suggestive towards an ideal Zamindari. He does not say that Gosaba is perfect; it is as near the ideal as possible. The whole series bears reading by all rural reformers for it contains valuable lessons for all. We do not want to tire the reader with a reproduction in poor language of that description. But we would only point out the constructive suggestions and criticisms he has offered.

Even in that well done zamindari there is a demand of excessive rent. Sir Daniel used the argument of a prospective good crop. As Mr Desai points out this cannot be used as an argument. If the rents were a fixed proportion of the produce they would rise or fall automatically with the price of the produce. It is but meet to point out here that Sir Sikandar Hayat Khan introduced this principle in the scheme of land revenue reform in the Punjab. Another thing. If the co-operative society simply replaces the *Mahajan* without ultimately freeing the peasant from debt the cheaper credit is likely to be a temptation rather than a facility. Mr Mahadev Desai would like Sir Daniel Hamilton to take up welfare work in right earnest now that the reclamation is complete. He advises the introduction of co-operative tannery and hand spinning and hand weaving as cottage industries. Lastly he requests the zamindar to invite workers and public men from Bengal to make a brief tour of the villages to tell that they have a place—and an important place—in the geography of Bengal and of the country and to show them how to become more industrious and more prosperous.

We had taken an opportunity to strike a note of warning and pathetic appeal to Mahatma Gandhi that in his enthusiasm for ruralization he should not allow the other thing in ruralization to lag behind or to suffer. Mr J. C. Kumarappa that valuable acquisition to the A.I.A. has granted an interview to the *Searchlight* where he

advises us that we do not advocate primitive life.

Constantly people mistake our Association's purpose and imagine that we advocate primitive life. There are various functions which can be performed most economically and efficiently only by centralized methods. For instance it will not be possible for every citizen to carry out research work in tanning, nor would it be advisable or profitable to do so. Research work in its nature is a centralized function requiring great skill and concentration of mind and material. Similarly finance, transport and supply of sugar are naturally centralized functions. Support of village industries does not necessarily run counter to patronage of railways or motor transport. These latter functions which require centralization will provide the necessary balance to maintain dependence of one or the other in society.

Like all disciples of Mahatma Gandhi Mr Kumarappa condemns Socialism. With many in this land he thinks that Socialism cannot reach its logical conclusion in communism through violence. Communism is different from Socialism from more than one standpoint. The ideal of the Socialist is the Communist's also. But in method they differ. As the Mahatma himself has pointed out even in the case of that confirmed believer in Russian social theory and practice Pandit Jawaharlal Nehru non-violence is a matter of conviction though he may dislike the words, creed and faith. Mr Kumarappa has missed the point in attributing Gandhi to as an alternative social idea and ideal. On the other hand as the writer has endeavoured to point out on another occasion the Mahatma is a radical liberal working for the amelioration of the masses in his own way consistent with the fundamental guarantees of Liberalism. For those who are convinced of the unchallengeable virtues of Liberalism and the need for a consistent and courageous application of its noble principles to the Indian social problems it is a matter for the greatest rejoicing that India's most remarkable social reformer is a liberal in thought word and deed.

'But our own scheme is based in the main on the human factor. It will represent an effort to help the villager to help himself. A movement of this kind, if it is to have lasting results, must have real roots. The seed must be sown and tended carefully if the plant is to grow up and flourish. We shall not attempt to put cut plants in the ground and make a show for a time knowing well that without roots the plants will wither.

We shall try to help the villagers to improve their condition, economic, sanitary and cultural. The object will be to teach them to secure their own health, wealth and happiness.'

These words of Sir Harry Haig in his address to the United Provinces Legislative Council contain well chosen and well delivered advice to all rural reformers in the country. We do not think that they contain any new or striking or original principle. They are only a gubernatorial utterance of the Mahatma's sentiments, such utterances of such sentiments have a great value to reformers.

It is the astuteness of the *Leader* that puts the question 'If they (the villagers) are taught to work together 'each for all and all for each, and if, as a result of this teaching, they combine to oppose the autocracy of the agents of the absentee landlords and organize Kishan Sabhas for the redress of their grievances, what will be the attitude of Government towards such an agrarian movement?' The recent rural development scheme in those provinces will have to tackle this problem in an efficient and organized way. Referring to Sir J. P. Srivastava's speech in the U. P. Legislative Council the *Leader* writes —

The Minister said that the function of the organizers would be to gain the confidence of the village people and to help them to help themselves and at the same time to see that the organizations which were established kept to the objects of rural development and did not take up general questions of grievances against landlords or concern themselves with such matters as land tenures, rents or even politics. Will it be possible to keep in water tight compartments the corporate activities of the villagers to whom the lesson of self help has been taught under official auspices? If village organizations are started with certain inhibitions and prohibitions in the economic and political field and an attempt is made to keep them in the leading strings of the organizers on

whom a watchful eye will be kept by the inspectors and the district officers, then there is a danger of the new organizations which will be set up being looked upon as if they were so many Aman Sabhas. Much will depend upon the character, knowledge, outlook and training of individual organizers whether they will win the confidence of the villagers and enlist their enthusiasm and energy in the work of rural reconstruction. Quick results cannot be expected. As His Excellency remarked, 'patient and devoted organization is needed to achieve results. There has been such a widespread demand for the taking of definite steps for ameliorating the lot of villagers that the working of the scheme will be watched with considerable interest.'

Professor D. G. Karve of the Fergusson College, Poona, has contributed an able article to the *Mahratta* on the problem of indebtedness. It is a penetrating study of the problem, which we commend to all. It speaks of the deeper causes, remedial legislation and the Bhavnagar moral. We shall quote only one passage, which treats of the causes.

'The principal causes of the continuing evil of rural indebtedness in India lie deeper still. They are, firstly, the uncertainty caused by vagaries of tropical climatic conditions, secondly, the uneconomic nature of a large portion of the farming industry, and, lastly, the fluctuating effect on credit produced by sudden changes in the price level such as those witnessed during the last two decades. None of these causes can be removed by legislation. Positive reform in economic and administrative organization will be necessary before these age long evils are remedied. Irrigation and surface draining must be our bulwarks against droughts and floods. The multiplication of industrial pursuits and the modernisation of agriculture must help in making a business proposition out of farming. And a wise currency and banking policy must liberate us from our thralldom to the vagaries of world price movements. Some progress with respect to the first two of these aspects has already been made. The third and by far the most urgently important has not received in India the rational and sympathetic consideration that it deserves from currency and credit authorities. Of what permanent avail is legislation which does not remove these and several other more technical and detailed drawbacks from the life of the agriculturist?'

Economic Notes.

Indians Overseas

The Imperial Indian Citizenship Association have recommended to the Government of India the appointment of a separate Secretary in charge of the interests of Indians overseas. The letter that embodies this appeal to the Central Government at Delhi makes a pointed reference to the way our countrymen in Ceylon would be affected by the Ceylon Land Development Bill. The resolution is conscious of the sympathetic policy of the Indian Government towards Indians abroad. But the circumstances under which the Government of India are handicapped are only too well known. The White African policy is darkening the clouds of South African racial politics. The problem of the Zanzibar Indian is distressing to a degree. Mr C F Andrews and Mr K P S Menon have both testified to the unenviable plight of Indians in that land. These give cause for genuine alarm among our compatriots, and it is in the fitness of things that the Imperial Indian Citizenship Association have, in consonance with the magnitude of the question urged on the Government of India the need for a whole time servant to watch over their interests. We wholeheartedly support the resolution of that Association to whose credit stands a long record of selfless and disinterested labour on behalf of Indians overseas and earnestly entreat the Government of India to give one more concrete proof of their championship of the cause of their nationals in other lands.

AUTOMOBILE FACTORY IN INDIA

It is both a patriotic and a wealth creating move that the leading financiers of Bombay have undertaken to start an automobile factory in this country. The motor has come to stay in India as in other advanced countries and the amount of money that is going out of India as a result of the increasing purchase of cars, trucks, lorries and motor bikes in this land is enormous. How we wish that this idea had struck earlier to the businessmen of Bombay and had thus prevented an enormous outflow of riches from India! It is better late than never and it is a cause for genuine satisfaction that it is not too late now.

Expert talent in big business matters is not easily had in this country. Not infrequently one has to depend on the services of outsiders. It is the rare luck of the automobile industry that a gentleman of an unusually first class eminence in Electrical Engineering should offer to place his services ungrudgingly at the disposal of the Bombay merchant princes. In addition to the double qualification of being an intellectual and a statesman he adds the superb merit of being an expert in the electrical and mechanical industries. We are sure that under Sir M Visvesvaraya's matchless guidance the automobile factory will soon be an accomplished fact and India will have cause to be deeply indebted to that great patriot statesman for showing the way in regard to the building up of big business. We wish the enterprise all success.

HORRORS OF UNEMPLOYMENT

People who take pride in dignity of labour might not be affected by the spectacle of graduates of the Calcutta University who have undertaken to carry the books of the library to a new abode for a daily wage. Under normal conditions such a thing can be hailed as an extremely healthy sign but we are sure that the graduates who have taken upon themselves this task have been driven to it by the imminent dread of starvation. Another sample of this unemployment business! We can understand highly efficient and educated men underselling themselves first to escape the horrors of want. But we will not pardon a university or a college trying to underrate the services of men whom they have themselves taken so much trouble to produce. When we read some days ago an advertisement in the papers that the services of an agricultural graduate were requisitioned for a magnificent sum of Rs 35 we were then shocked into realising once more the horrors of things. One has only to imagine the arduous course of studies and the enormous expenses of an undergraduate in the Agricultural College to feel the tragedy of their being asked to take up a job on Rs 35!

O! the pity of it. Iago! the pity of it!

Economics of Sugar Industry.

Sugar Export Duty.

In exercise of the powers conferred by Sections 10 and 11 of the Sugar (Excise Duty) Act 1934 the Governor General in Council is pleased to direct that the following further amendment shall be made in Sugar (Excise Duty) Order 1934 —

1 Sugar in respect of which breaches of the Act or of this Order have been committed shall together with the packages or coverings thereof be liable to confiscation which may without prejudice to the provisions of Section 9 of the Act be adjudged subject to the provisions of Clause 12 by the Collector provided that when adjudging confiscation the Collector shall give the owner an option to pay in lieu of confiscation such fine not exceeding one thousand rupees as he thinks fit

2 Articles of which confiscation has been adjudged under Clause (1) and in respect of which the option of paying a fine in lieu of confiscation has not been exercised shall be sold destroyed or otherwise disposed of in such manner as the Collector may direct

FREIGHT RATES ON SUGAR

We coll the following from the *Financial News* —

It is understood that the Indian General Navigation and Railway Co Ltd have agreed to reduce the rate of freight on Sugar from river ghats to Coastal Ports via Calcutta with effect from 20th March. Owing to the fact that there are very few direct sailings from Calcutta to Chittagong and that extra charges would be incurred if the Sugar were despatched via Rangoon the India General Navigation and Railway Co Ltd have decided to cater for the traffic to Chittagong by the quicker all river route via Barisal. The same rates of freight are now levied on the River cum Sea route via Calcutta will be chargeable in booking via Barisal. Flat load quantities Re 0 8 8 per maund and smaller quantities Re 0 9 4 per maund exclusive of Chittagong Port Charges which amount to 9½ p es per maund

The shippers who would require delivery at the intermediate station booked to Chittagong via Barisal will be required to pay the

difference if any in freight rates between the rates for Chittagong and the rate chargeable for Sugar to the intermediate station at which delivery is desired

It is also understood that as it was found impossible to place flats along the Ocean Steamers for direct transshipment in the Becks the flat load quantity in future will be 6759 maunds. Messrs India General Navigation and Railway Co Ltd have been advised by the British India Steam Navigation Co Ltd that they would be unable to accept overside shipments of Sugar from flats to their Rangoon mail steamers as this arrangement completely obstructs the overside loading of other cargo on whichever side of the steamer the flat is placed. This being so flat load quantities of Sugar arriving in Calcutta for Rangoon will require transshipment to boats for shipment into the British India Steam Navigation Co's steamers. Due to the additional expenditure entailed owing to this reason the flat load quantity rate for shipments to Rangoon will be subjected to an additional charge of 6 pies per maund

SUGAR INDUSTRY IN MYSORE

In Mysore the Sugarcane industry is passing through a not very prosperous period. But the depression that has come over some people in the State may be cured by the refreshing and optimistic address of Dr V K Badami the Deputy Director of Agriculture and Economic Botanist to the Government of Mysore to the Easter Session of the Indian Academy of Science. His lecture on that occasion was an able and interesting survey of the present condition of the sugarcane industry with particular reference to the Mysore State. He also surveyed the cane industry of the world explaining its chequered course through the ages. Dr Badami put forth an earnest appeal for more research work and coordinated activity on behalf of the Sugar industry. He explained the stable position of the industry in Mysore its possible extension and the bright future it had provided sufficient money was spent on well planned research work.

THE SUGAR CONFERENCE

The Government of the United Provinces have convened a conference of the representatives of the sugar factory owners and cane growers at Naini Tal in May 1935. The question of amendment to the U P Sugar cane rules brought into operation last year in connection with the purchase of cane by sugar factories and *Khandsaris* at prescribed rates will be discussed. We understand that the representatives of the Indian Sugar Mills Association Indian Sugar Products Association and several cane growers associations have also been invited. *Afropos* of this, the *Commerce* (Bombay) writes—

'It may be recalled that when the rates were published last year it was stated that as the experiment of fixing the price of cane and of varying it from fortnight to fortnight with the price of sugar was a new one, the U P Government desired to review the operation of the rules and to make suitable changes in it in the light of experience gained by them in the working of the rules for a period of one year. The cane crushing season in the U P has now ended all factories having stopped crushing cane during the third week of April at the latest. The factories worked roughly for about 150 days during the last year. After the rules were brought into operation several difficulties were felt particularly in regard to the purchase of cane from authorized persons but on the whole the rules have worked fairly smoothly, without causing any serious hardship to the factories or the grower. Only the factories felt that the price of cane was fixed higher than what it should have been considering the costs of manufacture etc. During the latter part of the season owing to paucity of supply in cane the factories were paying a higher price than was prescribed in the rules. During one week when the price fixed by Government was 5 annas the factories were known to be paying as much as 7½ annas per maund of cane.

SUGAR FROM CANE*

The final memorandum on the production of sugar from cane in modern factories in India during the season 1934-35 forecasts the total quantity of cane crushed at 6450 000 tons as compared with the previous estimate of 6850 000 tons and with the actual figure of 5,157,373 tons in 1933-34. The total production of Sugar is estimated at 580 000 tons as against the previous esti-

mate of 590 000 tons and the actual figure of 453,965 tons in the previous season. The average recovery percentage is expected to increase to 90 from 86.3 last year. Allowing 40 000 tons as previously for the production of sugar from *gur* in 1935 the present forecast places the total production from cane and *gur* at 620 000 tons as against 30 000 tons in the previous forecast.

The effect of adverse weather conditions—floods, pests and frost—is reported to be considerable in several areas, particularly in the western parts of the United Provinces and in Punjab. The effect of these on estimated production was allowed for in the first recast. The figure for production in the present forecast closely agrees with that in the first memorandum. The cane crushing season closed much earlier this year in Northern India. This gave rise to apprehensions that production would be considerably reduced. This however did not turn out to be so owing to various causes. A large number of factories had increased their capacities before this season and the total quantity of cane crushed by them during the season was in many cases larger than formerly, although the duration of season was much shorter. This also had an effect on the recovery of sugar as the season having finished earlier the factories did not rush over ripe cane and therefore got better recovery. An improvement in recovery was also brought about as the result of improvement of plant by several factories.

SUGARCANE CULTIVATION IN BIHAR

A scheme to improve the cultivation of sugarcane as well as to ensure a remunerative price to the cultivator is understood to have been completed by the Government of Bihar and Orissa and to be awaiting the sanction of the Government of India. The scheme which will be financed out of Bihar's share of the proceeds of the sugar excise duty contemplates the appointment of four officers of the status of assistant registrars of co-operative societies. Their duty will be to organize cane growers' societies and coordinate and supervise their activities. These officers will have under them twenty-five to thirty inspectors to look after the cultivation of sugarcane with a view to improving its quality and yield. These inspectors will be assisted by a number of agricultural overseers who will devote their entire attention to sugarcane research.

Diary of an Economist.

Standards of Living

In the March issue of the *Westminster Bank Review* we have an interesting article on comparative standards of living which deserves close attention.

Comparative standards of living in the principal countries are among the most fundamentally important factors in the modern world. The question is also naturally one of perennial general interest even to those who are not directly concerned with its commercial implications. It is unfortunate therefore that comparisons between the standards of living in different countries are among the most difficult and elusive of economic investigations.

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The importance of the relative standards of living here and in other countries has arisen with the development of international trading. So long as commerce was virtually restricted to the interchange of goods within national boundaries the standard of living elsewhere was clearly of little importance. But with the breakdown of those boundaries last century it became of the greatest significance to merchants and producers. For the merchant the standards of living in various countries play a big part in determining his markets—which of them it will pay him to attempt to exploit and which of them offer only very restricted opportunities. Differences in tastes between peoples have of course to be considered in conjunction with their standards of living; but the level of general welfare will chiefly govern the classes and prices of goods which are likely to prove most popular. Producers have a double interest in comparative standards of living. Like merchants they must consider their influence on export markets for different classes and kinds of goods. In addition standards of living and wage costs are closely interlinked and together form one of the principal forces governing the competitive power of industries of various countries in neutral markets.

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In broad terms the standard of living may be defined as the general level of welfare. This definition indicates that the conception can never be an entirely concrete

one. Certain definite calculable facts can be ascertained as a basis for the consideration of the standard of living but there are other factors equally tangible but not so easy to calculate and there remain considerable phenomena which must also be borne in mind. In spite of these difficulties and the impossibility of reaching any precise conclusion as to the relative levels of the standards of living in various countries the importance of the subject justifies its being given some consideration. In this article it is proposed to discuss the factors which any such comparison must take into account and to review the results of certain investigations which have been made.

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Money rates of wages are the primary factors determining the standard of living. But when comparisons are made either over a period of time or between different countries the purchasing power of these money rates must also be considered and this is capable of very great variation. Measurement of the purchasing power or real value of wages is not easy. All the commercially important nations calculate indices of prices. These indices however cannot be used for this purpose because they refer to wholesale prices. In any case they show only variations within individual countries from time to time and cannot be used to indicate relations between purchasing powers of money in different countries except on the arbitrary assumption that at a certain previous date those purchasing powers were equal. Indices of the cost of living or of retail prices are compiled in many countries but here again the assumption of equality at some date must be made before they can be used for comparisons between different countries. Moreover undue store cannot be set upon cost of living indices as a guide to movements in the standard of living over a period of time because variations in the quantities of articles in popular consumption which cannot be recorded accurately may be of great significance.

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The calculation of the purchasing power of money wages is itself only a first step towards consideration of the standard of living. Social services provided by central or local authorities are very important additional benefits in almost all countries, but they vary greatly in nature and extent. Provision of sanitary services and other amenities of urban life, public relief, and free education, all make considerable additions to general welfare. On the other hand, taxation in one form or another is required to pay the costs of those services. While there is no doubt that in all countries the mass of the population derives benefits much in excess of the tolls levied on it in rates and taxes, these imposts should not be ignored. There is a similar net gain from schemes of insurance against various risks. Unemployment insurance is universally recognised as having played a great part in maintaining the standard of life in Britain during the economic depression. In part its cost is, of course, borne by the insured population themselves, but the addition of the payments made by employers and by the State constitutes a contribution to the raising of the general standard of living. The same is true of systems of health insurance in force in different countries, which also are usually only partially paid for by those insured. All these services constitute definite and very substantial additions to the standard of living, but their relative importance in different countries is virtually impossible to measure except in the most arbitrary way.

Still more difficult problems are presented by the even less tangible questions of the parts played by factory conditions and by the length of the working day. The importance of both of these is widely recognized but the first is quite unstandardized and the second impossible to evaluate. Yet another intangible factor is that of differences of tastes, not only in matters of food but of housing and clothing. Where, as in Japan, tastes are simple low wages naturally go farther, and the general level of welfare or in other words the true standard of living is not necessarily so depressed as figures of money wages may suggest.

Rates of pay in the same industry in different countries are fairly easy to ascertain. For accurate comparisons, however, more facts than the money rates themselves

are needed. Conditions of work, or so-called allowances and fines, make big differences in the real earnings of piece workers. Those paid hourly or weekly rates too, are affected by the conditions of employment, while in many trades there are recognized incidental benefits—cheap fuel, accommodation at fairly low rentals etc.—which may make a substantial addition to the real gains accruing to the worker. In view of the difficulty of assessing these factors any statements regarding the comparative levels of wages in general as opposed to those in particular trades, must be still less precise. Broadly speaking the general opinion among statisticians is that wages in this country in terms of money gained are above those usual in Continental Europe. On the other hand, they are below rates in the United States, the Dominions and the Scandinavian countries other than Norway.

Comparison between money rates of wages of little value without knowledge of what these wages will buy. The International Labour Office has made periodical computations of the cost in different countries of living at retail prices a basket of fixed quantities of 14 foodstuffs in common use. The costs of this basket are converted into actual rates of exchange into a common currency, some guide to the relative levels of wages in those centres is obtained. The results of the 1932 investigation showed that costs were highest in the United States and among the more important countries lowest in Great Britain. Converted into dollars and expressed as percentages of the United States figure, the costs of this basket of foodstuffs were—

United States	100
France	90
Italy	89
Germany	76
Great Britain	61

More recent calculations have been rendered virtually impossible by the fluctuations in the exchanges. It should be noted that all that is claimed for these figures is that they show the costs of this given basket of foodstuffs in various centres. They are not, however, as true a guide to the purchasing power of wages in these centres as they appear at first sight, owing to differences in tastes. Statistical calculations are necessarily based on the prices of the same articles in the different countries and on the same

quantities. But differing tastes very greatly affect the relative importance of different articles and the quantities which are in most common use. Recent events have drawn attention, for instance, to the fact that in England demand is for white pepper while in America black is in request. This is, of course, a minor example. But others of larger significance are found, which necessitate the greatest caution in using figures compiled in this way to determine how far wages will go in different countries.

* * * * *

From comparison of money wages and of retail prices of foodstuffs, the next step is the comparison of *real* wages, i.e. money wages translated into terms of the goods they will buy. The table below compares the level of real wages in Great Britain in 1930 with those for several other countries. These figures do not take account of that same factor of differing tastes and wants which causes so much difficulty in comparisons. They cannot claim to measure the relative satisfaction which workers in the various countries obtain from the rewards of their labour. They only show how far money wages obtained in each country would go if spent in a certain way. Moreover it will be noticed that the indices are based on a fairly narrow range of comparatively standardized goods. Different tastes and habits are even more prominent in housing and in clothing than in the choice of foods and other primary necessities.

Levels of Real Wages
(Great Britain = 100)

Italy	39	Irish Free State	93
Spain	40	Gt Britain	100
Yugo Slavia	45	Sweden	109
Austria	48	Denmark	113
Poland	61	Canada	155
Germany	73	United States	190
Holland	82		

*The table is based on calculations made by the International Labour Office in 1930. Wages were taken in a number of trades where fairly accurate comparisons were possible and around the same date the retail prices of certain foodstuffs, fuel, light and soap in the same countries were also ascertained. The most striking feature of the results obtained is the wide discrepancies disclosed. At the date in question, real wages in the United States appeared to be nearly five times as high as in Italy and

Spain, and almost twice as high as in Great Britain.

* * * * *

There are good grounds for the general assumption that expenditure on social services is relatively larger in Great Britain than in other countries. Comparable figures are difficult to obtain, as much of this type of expenditure falls on local authorities, whilst the contributions made by private charity should not be ignored, since they also help to maintain the standard of living. Calculations were given in the Report of the Royal Commission on Health Insurance of 1926 which showed the cost of social services per head of population in a number of countries in 1924. The services included were health insurance, workmen's compensation, old age pensions, unemployment insurance, and poor law relief. Expressed as a percentage of the British expenditure, the figures for four other European countries were: Germany 48%, France 17%, Belgium 7% and Italy 4%.

The categories of social service expenditure taken, although the most important, are by no means exhaustive. Housing is an other source of considerable expenditure, and education may also be regarded as a social service without unduly stretching the term. Even excluding this item, the social service expenditure in this country, national and local, has been calculated by *The Economist* to have risen from £1759 million in 1923-24 to £3401 million in 1931-32. It is likely, however, that despite the rise in expenditure on social services in Britain the current cost per head of the population does not now exceed those abroad by the margins found in 1924. This would certainly be the case if expenditure on public works as a form of unemployment relief were taken as part of the total costs of social services. There has also been an extension of schemes of insurance against industrial risks. The 1934 World Economic Survey by the League of Nations Economic Intelligence Service noted that unemployment insurance, for example, extended to over forty million workers in sixteen countries and was under discussion in others.

To no business man is this question of relative costs and standards of living more important than to the organizers of great international concerns with employees in many countries. It is therefore not surprising that in two cases, at least, special investi-

gations bearing on this subject have been made on behalf of big industrial companies. Mr Henry Ford in conjunction with the International Labour Office caused an inquiry to be made in 1931 into the cost of maintaining a family in certain European cities at a standard equivalent to that of the lowest paid workers in his Detroit works. In the previous year an investigation on somewhat similar lines had been made for Unilever Limited but in this case the objective was the cost of maintaining in various countries a standard of living appropriate to recipients of middle class income i.e. from £700 to £3000.

Some of the results obtained in the Unilever inquiry are summarized in the following table—

*Indices of Cost of Maintaining a Family in England
Salary Standards
(Cost in England = 100)*

English Salary	France	Germany	Holland	Sweden	Belgium
£					
500	105.4	115.4	97.4	135.4	85.4
1,000	104.2	116.5	99.6	131.6	85.5
1,500	101.2	113.4	95.3	111.1	81
2,000	97.1	105.1	92.7	104.5	75.1
3,000	95.0	102.7	88.5	96.6	73.3

These indices were compiled on the basis of a special report from many Commercial centres covering a wide range of questions. In many cases approximations had to be accepted. The unit taken was a married couple with two children (boys of 13 and girl of 11) and the expenditures for which estimates were obtained were very comprehensive. One point must however be borne in mind. The indices are based on the family budget of a particular type of man—a member of the salaried staff of a big international business who may be presumed to wish to spend his salary in much the same way wherever he is sent. For this limitation the statistical inaccuracies which were inevitable in such a calculation were no doubt more than made up. But the results obtained do not necessarily mean, for example, that if the poorer German professional man were to live according to his own class and tastes that a family placed near here. His family budget would be very different from that of the

average Englishman and the consequences of a different distribution of his expenditure might make the final result either greater or smaller.

Like the Unilever investigation the undertaking for Mr Henry Ford took all cases of expenditure into account. The family budget on which the inquiry was based was that of a Detroit worker who earned 1,720 dollars in 1929. The range even in some instances in the following table affects the possibility of getting exact figures even for the single purpose in view.

*Cost of Maintaining a Family in Sweden
Cost in England = 100*

London	87.90	Rotterdam	65.64
Amsterdam	87.91	Munich	71.73
Copenhagen	99.104	Cork	50
Lisbon	83	Warsaw	67
Paris	90.87	Barcelona	52
Stockholm	61.60		

It has been explained above that the question of comparative standards of living came into importance as a corollary to the growth of foreign trade in other words international mobility of goods. It is true so that international mobility of goods would tend to tend to reduce the differences between standards of living. The free and rapid movement of goods and materials by modern transport minimizes the differences between standards of living. It cannot eradicate discrepancies between the prices in different countries. So far as the free movement of men will tend to level out wage rates as the supply of labour flows to meet the demand. But the presence of new barriers has been raised which impede the mobility of both men and goods. So long as these persist there may be wide differences between comparative standards of living.

At the same time it should be noted that the more nations are separated from one another the less true is the picture given by such statistical comparisons of real wages. The examination of real wages is possible. The same index of real wages cannot be used to tend to wipe down differences in real wages as an index of real wages is an index of less power than is sometimes suggested. The real standard of living is an abstract notion. It is the standard of the population and of an individual can only to a limited extent be measured by any standard applicable to all men in all countries.

Educational Notes.

By B Venkatesa Sastry, B.A., B.T

Illiteracy in India.

Over 92 per cent of the people in India, as it is well known, are illiterate. The adult population contributes largely to this high figure. The immediate problem, therefore, is to educate the adults, especially in the villages as the bulk of these illiterate adults are in the villages. The Library worker in India, with the help of the village school master can do much to solve this problem. Mr S E Ranganathan, Librarian of the Madras University Library, suggests that the work of the Library organizer in India is not that of taking the books to the villager and make him read them as in the West but to introduce a readership system. His suggestion is that an assembly of the illiterate villagers should be organized every now and then in the village school or temple and the village schoolmaster should read to them topics of all kinds, from puranic matters up to some of the modern subjects such as agricultural marketing and economic reconstruction. Topics from newspapers should be read out to them thus creating interest in them to take to reading of newspapers. Much work remains to be done, in the villages, and work without the appreciation and co operation of the villager himself is useless. It can be seen that for a proper appreciation of these modern methods of work, the villager must be educated. So no effort should be spared for achieving a rapid removal of illiteracy, ignorance and poverty of the village folk.

TRAINING FOR RURAL WORK

Our national progress depends largely on the reconstruction of the rural areas. Trained workers devoted to this cause are required in large numbers. The Y.M.C.A. authorities deserve the gratitude of the people for having undertaken to supply this want. The 1935 Summer School for the training of rural workers is arranged to be held at their Rural Reconstruction Centre at Ramanathapuram, Coimbatore, from the 29th April 1935 to the 1st of June, 1935. The course consists of theoretical and practical training in the principles and methods of rural work,

adult education, rural health and sanitation, rural recreation, elementary agriculture, common ailments of cattle and their treatment, poultry farming, bee keeping, co operation, village panchayats, scouting and rural reconstruction work. In addition to this course, useful excursions to places of interest and instruction, are arranged. It is needless to say that those interested will take advantage of this useful course.

THE CITIZENS OF TO-MORROW

The six hundred and fifty thousand pupils and their teachers of the London County Council Schools were the fortunate recipients of a gracious message of good wishes from His Majesty the King of England on the occasion of the Silver Jubilee of his accession to the Throne. The message states that the future is their high responsibility, and asks each of them to try with the best of powers to be a good citizen of a good city. It also tells them further to 'Strive to grow in strength, in knowledge and in grace. If you insist bravely in this endeavour you will work worthily for your family, for your city, your country and for mankind.'

It will be seen that the message brings together in brief compass all that is said and discussed about the purpose of Education and as such it could be used to define the goal of education towards which pupils of all ages and climes must strive to advance and reach as much of it as they could. To teachers it gives an idea of what is expected of them and what their responsibility is in shaping the future of the young pupils entrusted to their care.

It must therefore be the duty of all those who have something to do with education to see that a sound system of education in which it will be possible for all the children of the country to acquire an all round education in all its three aspects physical, mental and moral, is evolved and in which it will be possible to turn out fully equipped citizens, who can discharge their duties simultaneously as citizens of the city in which they live, as men and women who help to

enhance the glory of their country and as those responsible to promote international harmony and understanding

CHANGE IN THE EDUCATIONAL SYSTEM

The United Provinces is one of the foremost Provinces in India to have devised measures calculated to combat middle class unemployment. Among those measures already set on foot in that province is the Agricultural Colonisation Scheme for educated young men the details about which appeared in these columns. But as the number of educated boys and girls turned out from the Schools and Colleges every year adds considerably to the number of those already unemployed the problem is gradually assuming grave proportions and as such the situation calls for proper action being taken at the earliest possible moment.

A forecast of the recommendations of the Sapru Committee on middle class unemployment in India states that they are likely to include drastic long range re-planning of the educational system giving the middle classes special facilities to adapt themselves to the modern needs. Sir Tej Bahadur Sapru the veteran politician and publicist is now in Europe studying the problem of unemployment and seeing first hand how the United Kingdom and the other European countries are tackling the question in their countries. The report of the committee will be watched with great enthusiasm by all those interested in Indian education.

The system of education now in vogue living emphasis as it does on the literary type of studies mainly, is getting out of date and unfit to the present day conditions. The large number of middle class pupils want education for giving them the bread earning capacity besides other things. In short the education they have received must enable them to become best fitted to pursue some vocation. If it does not do that it means that there is something inherently wrong with the system. The system must therefore be re-vent remodelled and reconstructed. Expert opinion must be mobilised and proper planning to suit the economic and the social conditions of the country must be undertaken. It is expected that the efforts that are being made in this direction will soon result in producing a system which will enable the young pupils coming under

to emerge out with equipment enough to improve themselves and their country.

A SCHOOL OF AVIATION

With the extended use of aviation for mail and passenger traffic in India the demand for persons trained in aeronautics will be on the increase. In a country of large distances like India where aviation has just made but a beginning there is vast scope for commercial enterprise and technical skill. Persons trained in the Science and Practice of Aviation must come in large numbers to spread and popularise knowledge about the science of aviation. Such being the case there is need for at least one school of aviation for each Province and for each State to be started with the object of turning out trained experts not only to go as pilots but also as mechanics and technicians. The Flying Clubs in the several Provinces now in existence should take the lead to start schools of aviation besides workshops for the practice of aviation.

People are getting to be air-minded in India, with the increase of facilities signs not wanting to say that more and more people would take to aviation both on account of its commercial possibilities and on account of facilities of quick transport that it offers. It is understood that the Indian ladies of Madras have joined the Madras Flying Club with the object of availing for a 'A' licence. It is expected that more people would be enabled to take up the courses of study after a School of Aviation is started at Madras. It is hoped that the scheme that is now under consideration by some of the enthusiasts of Madras for starting the inauguration of a school of aviation will take shape soon and thus enable more people to get trained at the school. The course of training to be given at the school is expected to include instruction in aeronautical engineering theory of flying, aircraft rules and kindred subjects. Besides lectures demonstrations are also included in the course.

AGRICULTURE AS A CAREER

India is predominantly an agricultural country. Vast tracts of land yet undeveloped are available in abundance. Nature's bounties are plentiful. Yet agriculture as an industry in India is still in a backward state. Scientific study of soils will enable choice of crops to be given with respect

to particular localities use of modern implements and chemical manures make the yield abundant study of marketing facilities and conditions will fetch suitable prices for the produce expert advice is available by the officers of the Department of Agriculture, but all these have not made any appreciable improvement in the agricultural industry of India One is therefore, tempted to look for the reasons for this state of affairs elsewhere It looks as if this scientific study and expert advice fall on deaf ears There seems to be no proper appreciation of things told to those interested in the practice of the industry Tradition seems to have bound them by chains too difficult to be removed

The remedy seems to lie in the spread of education which alone could make proper appreciation possible A method by which wholesale conversion to the new scheme of things can be affected must be evolved External agencies such as the agricultural inspectors and extension workers may not be quite so effective as the agriculturists themselves being educated and being in a position to take to the new scheme of things The educated young men turned out from the schools and colleges must take to this yet undeveloped industry and work a revolution in the industry from within their

villages If half a dozen young men could take to this scientific method of industry in each village the others even though are not educated men themselves, will see the yield of good results eye to eye and take to the new scheme, thus improving the industry

Speaking on this important subject of 'Agriculture as a Career', in the course of a series of lectures on careers organised by the Graduates Welfare Committee at the National Institute of Physical Education Bangalore Dr B Narasimha Iyengar Director of Agriculture in Mysore, stressed the importance of the application of the latest scientific methods in the development of agriculture in India He also pointed out the difficulties that ought to be faced by young men who take to agriculture as a career and said that practical experience was a dominant factor in the practice of agriculture

Educated young men should take to agriculture with the patriotic motive of being charged with the task of developing a national industry They should take to subsidiary industries such as dairying poultry farming bee rearing horticulture and small cottage industries to keep themselves engaged during their leisure time

Topics in the Journals.

Industry before Politics

It is an age-long controversy whether in India it is possible to be oblivious of political factors while discussing industrial and economic problems A subject nation has no politics said Sir Asutosh Chaudhri It is also true that a subject nation has no economics It is but natural that where the rulers and the ruled have different axes to grind there cannot be anything in the nature of an economic policy But sincere and well meaning Indians and friends of India have bemoaned the *over politicalization* if one may coin that word of Indian life and thought One such bewailing gentleman is Sir Montagu de P Webb He makes a plea for industry before politics He writes in the *Indian Finance* —

India is mainly an agricultural country as many as 250 000 000 souls being directly or indirectly dependent on agricultural industry and trade During the last five years the prices of agricultural

products have shrunk by almost fifty per cent. But neither Governments nor the money lenders demands have been reduced proportionately More over the imposition of heavy import duties on all foreign goods that cultivators need makes the position of agricultural interests in India still more precarious Governments (Provincial) collected Rs 33.20 lakhs (estimated) of Land Revenue in 1933-34 and Rs 33.00 lakhs in 1928-29 so that notwithstanding remissions here and there the present policy has worked out that the less that agricultural interests have received in recent years for their products the more Land Revenue on the whole Government have collected from them

NEED OF INDUSTRIAL SURPLUSES

This brings into prominence the point that is so frequently overlooked namely that profitable production and successful trade are the only sources from which come the surpluses that support the entire economic and political structure including all the machinery of Government

In other words it is only by a d of industrial surpluses regularly and continuously produced, that progress—social economic, political and of every other kind—can be maintained

This being so the most important question of to-day is—are the economically important surpluses from profitable production and successful trade being steadily and continuously maintained. Have they been so maintained during the last five years?

The answer so far as Indian agriculture is concerned can leave very little room for doubt for in nearly every Province of India efforts are being made to-day to relieve agriculturists (by legislation) of a portion of the burden of an indebtedness that is now threatening to sink them.

This leads to the further question—can permanent relief be obtained by temporary remissions of agricultural indebtedness? Are such remissions likely to be of permanent value to agriculturists so long as nothing is done to correct the rent differential in the purchasing power of goods so long as nothing is done to raise the general level of the prices which agriculturists are receiving to-day for the products of their fields? Obviously not.

Unfortunately statistics do not indicate that manufacturers, traders, exporters and importers are in a much better position than the agriculturist. Thus Customs Revenue notwithstanding repeated increases of duties (including Excise) yields less to-day (about Rs. 50 lakhs—official estimate) than it did in 1929-30 (Rs. 51.30 lakhs). The Income tax in spite of increases of Super tax and of Surcharges is bringing in only the same amount (Rs. 17.10 lakh—official estimate) to-day as it did five years ago and over a crore less than it did in 1923-24.

DOWN GRADE

All these facts point to the conclusion that taking the production and the trade of India as a whole this country is not to-day maintaining its surpluses or profits at a level that will permit further progress to be made for the time being. On the contrary there is evidence—demonstrating returns under certain leads of taxation—to show that the great mass of the people are still on the post war down grade rather than on the heartening up grade that present day agricultural and manufacturing possibilities most certainly warrant.

The figures of India's overseas trade of the last five years confirm this conclusion. Here they are—

Year ended 31 March	Exports Crores Rs.	Imports Crores Rs.	Total Crores Rs.
1923	317	238	555
1931	225	163	388
1933	160	108	268
1933	135	13	148
1934	149	115	264

If India is not at present maintaining her surpluses or profits at a level that will permit of a further progress for the time being (Is any trader progressing to-day?) where is the wisdom in devoting so much time and thought to political possibilities which relate to the economic morass in which the country is now underling are merely a minor consideration? Surely in the present crisis industry comes before politics. For everything depends on successful industry and trade.

Let us then concentrate on industry rather than politics. This is the Age of Plenty and there is

every possibility of a return to early prosperity for if only we abandon our present attitude of helplessness acquiescence in what so many seem to regard as an Act of God and recognize the truth that the present unparalleled world depression is not an Act of God but the direct consequence of the folly of man.

What we now have to do is to rectify past errors. The clue to returning prosperity lies open before us and is recognized and accepted by all expert economic authority. The inauguration of a period of rising prices till the level of five years ago is restored is the first step to be attempted. Let us concentrate all our attention on this first problem. It can be solved. It shall be solved.

Unemployment

Dewan Bahadur V. V. Ayyangar Chief Engineer and Secretary to Government Mysore delivered the inaugural address at the 27th session of the Mysore Engineers Association. In that address he referred to the unemployment among engineering graduates in the following terms—

Now the question of unemployment among our Engineering Graduates and those who pass out of our Engineering School has become a grave problem. It is obvious that while the number of graduates in the following years is swelling the number of appointments is strictly limited and anything has got reduced in number due to inevitable retrenchments. It is therefore out of question to expect that everyone who passes would get Government employment. It is also possible to get employment outside the Province since each Province has its own Engineering Colleges and Schools and is turning out qualified men just as we are doing. The solution has therefore to be found out within the limits of the State itself. For judging the relative merits of the various occupations in life for making a living time has already come for adopting new standards of measure and new angles of vision and outlook.

I do not see by a person who takes the Engineering Degree should not engage himself in other lines of life if he is unable to find a place in it. There are many people who have qualified themselves as Law Graduates but who have taken to other lines. It is obvious that the young man has as an Engineer would be eminently suited to take up various occupations.

There are a few graduates who have established themselves in business and contracts both outside and within the State and much credit is due to them and I hope the fine example that they have set will be followed by others wisely in the way of forming Engineering Companies on limited liability or on co-operative lines. The graduate who has taken to contract work has acquired business habits training and experience and I think they should gradually extend this training and experience to a wider sphere than mere contract work. Because after all every one cannot become a contractor and besides it is not a steady business as it involves a good deal of struggle, scramble and chance in securing it. It does not also produce new wealth.

Large business and industry are however not possible or easy for everyone. It requires capital

and what is more long probation and experience and still more a very high standard indeed of business methods for sustained success. From my personal experience of various instances I can say with confidence that if a man starts even on a very modest or humble scale with meagre capital but adheres strictly to high standards of business principles he will be able to establish himself in the course of a few years to a steady line of work and honourable living.

India as is well known is an agricultural country and its basic industry is agriculture and about 80 to 85% of the population are in it. Agriculture is however slow, not spectacular, does not bring in money rapidly as industries would and indeed it does not suit the temperament of our young educated men unless one has been associated with and brought up to it in his younger days. If however agriculture is fertilised with engineering there is hope. Indians by themselves are not possible all at once for our young resourceless and inexperienced graduates. They have to make a beginning and grow up gradually and for this purpose a combination of agriculture engineering and industry is necessary in our special circumstances.

There seems to be sufficient scope for men to specialise in agricultural engineering and establish themselves in various centres in the State. It would be difficult for a young man to make a living purely by agriculture say by cultivation of about 5 or 10 acres of land however intensively he may cultivate. It is however surprising how much this small amount of cultivation would add to his comfort and pleasure. To the work of his small agricultural farm he could add contract business say maintaining 5 to 10 miles of road and work connected with tank repairs round about within a radius of 10 miles. Even this would be insufficient for him and he requires an additional and supplementary occupation where money would be circulating rapidly through his hands. This additional occupation should be in the form of application of Engineering to various needs of agriculture and industries based on agriculture.

There is a good deal of business possible by the use of cement. He can manufacture cement well curbs rings agricultural utensils such as drinking and feeding troughs for cattle he can adapt cement well ring for silos make granaries for storing grain instead of the very inefficient underground cells or hagaves or pettes made of bamboo matting or kanajas. Cement fencing posts drain slabs cement irrigation drains and pipes inexpensive culverts and drains across nallas etc. etc. He could make all such things and sell them in the countryside obviating transport charges. I am sure if our graduates establish themselves in business at various centres and get into touch with the Cement Marketing Board Bombay they will get much help encouragement and guidance from that body.

The supplementary occupations according to circumstances could also be small mechanical and electrical workshops at various places. At present it is difficult to get a small screw or bolt or any part accurately made even in large places like Bombay or Bangalore. Because such shops with a very few exceptions are in the hands of uneducated men. If our graduates take to such a

line they could make a living and gradually the standard also would rise. In the countryside there are buses plying everywhere and small efficient repair shops at various centres would prove to be both profitable and be centres of further growth. Electricity is spreading by leaps and bounds all over India and the manufacture of various articles connected therewith to supply to a steady and inexhaustible local market is full of possibilities. There is work in connection with irrigation pumping plants repairs of rice and sugarcane mills sugarcane boiling pans building up of motor car and bus bodies suited to the local conditions and needs. We can improve our cart wheels by means of improved hubs and axles. There are possibilities of opening saw mills at certain places favourably suited for the purpose. We can cut scantlings to standard sizes manufacture doors and window frames and shutters and make furniture with waste wood and mezzan sets and toys for our children from the smaller wastage. Look at the toys made at Chennappa's! They do not contain anything more inspiring or educating than kitchen utensils.

Further there is the question of making and selling and repairing various agricultural implements and in the coffee area the making of sprayers coffee roasters grinders etc.

We can have mechanical ploughing by means of tractors on a contract system. This line seems to me full of possibilities. Working 8 acres a day for 200 days in the year, one can plough 1600 acres in a year. For deep ploughing on a quinquennial rotation one set of ploughs and tractors would be required for 8000 acres in a year. There is enough area for this kind of work for several scores of sets. With the same equipment and with a little addition to it we can level up fields for the better conserving of moisture in the Kishka Jams, with the same sets we can maintain the existing gravel roads and make new ones whose mileage is appreciable as I have already said. All the above kinds of work require for success organisation and high engineering training. If we are only serious and in dead earnest and get into touch with firms dealing in this form of machinery it will not be difficult to find employment to all the existing and future graduates.

To sum up 5 to 10 acres of subsistence farm 5 to 10 miles of road repairs tank repairs and one or other of the supplemental occupations should give a living to each one.

As I have said previously agriculture is slow lonely and not suited to the temperament of young men brought up in town conditions. At Mandya, however we have all the modern amenities one may need to his heart's content. We have got the road the railway telephone telegraph two large cities on either side of it and we have splendid and unfailing water supply excellent climate and a factory to absorb the sugarcane we may grow and cheap electric power with full of possibility for electro farming. Besides there is plenty of scope for developing milk industry. It is difficult to say what more one could desire. Contemplating on this incomparable combination of advantages at Mandya and round about I am almost inclined to chime in following that famous writing on the wall of the old Palace in Delhi Fort. *If there be a land that can flourish with milk and honey on this earth it is this it is this*

It is somewhat unorthodox on my part to suggest that qualified men should start at the bottom of the ladder in the various mills. Beginning thus, even as a bitter pill they are sure in the course of a few years to be able to become the head of the respective branches and would prove themselves to be pioneers of industry in the long run. The beginning seems to be difficult but instead of being driven to it by sheer necessity and starvation, it is better to look ahead and dive gracefully into it.

The Post Office as a Business

Mr P. H. Premani has written an article to the *Coimberce* (Bombay) suggesting why we should not follow the British Post Office in India and make of it a business. The argument of the writer seems to be sane and sound. We do not see any reason why we should not endorse the views of Mr Premani. After giving figures of the turn over of the British Post Office in all departments of communication Mr Premani goes to write as follows—

The Post Office is one of the largest employers of labour both in Great Britain and in India. The total staff of the Post Office in Great Britain numbers 278,000 as against 115,000 employees working in the Indian Post Office. The total number of post offices in Great Britain and India are respectively 23,176 and 24,175. The dearth of adequate Indian statistics is again a handicap making a comparative study of the postal organisation in the two countries. However from the comparable statistics that are available the colossal backwardness of the Indian Post Office taking into account the size and population of the country—the outstanding feature of the above statistics. From the above it will appear that the British figures are far ahead of the Indian figures except in the solitary instance of the number of money orders issued. This is probably due to the lack of adequate banking facilities and the undeveloped character of the banking habit. While the result that the money order is the only and the most favourable means of remitting money with a large class of the Indian population. It is true that considerable advance has to be made for the general backwardness of the people in India but even then it appears that there is great scope for further popularisation of the Post Office in India by taking a leaf from the recent experience of the British Post Office. It is proposed to describe here several new schemes recently adopted by the British Post Office and the manner of success that has attended them within a short time. The success is also due in no small measure to the vigorous publicity that the Post Office is of late giving to its various services as will be shown below.

Delivery of letters which was the original function of the Post Office in Great Britain still continues to be its most important function. It is by far the biggest item in its earning account. However with the progress of science and civilisation most up-to-date means of transportation have been employed for the carrying of mail and delivery of letters. The Post Office owned its first mail coach 150 years ago. Barely 20

years ago it owned its first motor van. It is today one of the biggest employers of motor vehicles in the country. The Post Office also owns a tube railway running between Whitechapel and Paddington at a depth of 80 feet below the street at an average speed of 35 miles per hour. It may be mentioned here that the British Post Office is also the only railway of its kind in the whole world. The Post Office is also the owner of its fleet of motor boats with a view to speed up services and thus to help late posting. In the distribution of letters after they reach their destination motor cycles are increasingly being made use of over and above the cycle delivery which has been a very common feature since long.

Three years back the Inland Sample Post Service was introduced for the despatch of bulky parcels. The growing popularity of the service can be gauged from the fact that 17 million parcels were despatched during the last year. Almost simultaneously the Sample Post Service Business Reply service has been introduced to avoid the wastage caused by business houses sending stamped envelopes to clerks many of which were not returned. Now the firms can tribute specially printed unstamped envelopes on which the Post Office later on collects its dues at all the places used. The service has been very popular and useful to business men. A similar system called 'To Tag Forwards' enables the firms to receive unstamped parcels from customers and to pay the postage on receipt. The Express letters service as it is called has been introduced in the last year for transmission of letters within the least possible delay. By the payment of a small extra charge the Post Office undertakes to send the letter to the nearest railway station by a special messenger. It is another special messenger that is at the destination to deliver the letter to the addressee by the quickest possible means. The provision of cheap and efficient telephone service is another function of growing importance to the British Post Office. One of the most ambitious schemes it provides for are called Demand Trunk Calls for completion of the trunk call while the subscriber is at the telephone. The system is working successfully only over the whole of Great Britain and Ireland but demand calls are possible even to the extent during the hours of light traffic. One may contrast this highly efficient trunk call service in Great Britain with the deplorable conditions in India. It is reported that it takes no less than 48 hours for a call from Bombay to elect a reply from Madras. It is further reported that completion of trunk calls between Calcutta and Madras takes a still longer time. It may however be hoped that the present difficulties will be removed or completely of the scheme to connect Calcutta with Madras via Varanasi and the installation of the carrier system of telephony on the Bombay-Madras line.

Besides the improvement in services the new facility known as transferred charge is also growing in popularity. By this the caller is allowed to have the charge debited to the account of the called subscriber—a service which has proved to be of immense value to commercial representatives, press reporters, children at school and many others. A telephone subscriber in Great

Britain can talk almost with the whole world as London has at present attained the proud position of the world's Switchboard

Even the Telegraph Department which till recently had a chronic deficit budget of one million pounds has come under the sway of this revolutionising of the postal services, with the effect that during the last year the deficit is almost halved. Many new services have been responsible for this remarkable reduction in the telegraph deficit. The introduction of the business reply telegrams makes prepayment of charges unnecessary and the charges are ultimately collected every month from the original firms. Night telegraph letters

are another innovation. These are accepted till midnight at a cheap rate and are delivered with the next morning's post.

Last but not the least a Public Relations Department has been created during the last year to study the needs of the customers and to bring home to the public the various services that the Post Office is prepared to perform for them. For the first time in its history, it is said the British Post Office went to the people informed them of the various services by vigorous publicity and sought their co-operation for making them a financial success.

Recent Economic Publications.

The Trade of 'Bloc-or' Countries

The Secretariat of the League of Nations has just published the results of a study made for the use of members of the Economic Committee, to supply them with the necessary data for the examination of another phase of the problem of Economic Rapprochements in Europe.

This pamphlet while not claiming to give a complete picture of the foreign trade of each of the countries which on October 20, 1934, signed at Brussels the protocol on what is called the bloc or Belgian Luxembourg Economic Union, France & Italy, Netherlands, Poland, Switzerland, endeavours to show in a general way the commercial exchanges of gold countries which might lead up to a closer economic collaboration than was envisaged in the Protocol. Its purpose is also to afford the indispensable data for an examination of the various problems to which such a system of economic collaboration gives rise and which concern not only the intensity but also the actual structure of the economic relations of those countries one with another and with their chief sources of supply and their chief customers.

For this purpose the statistical information is divided into three parts —

1 Trade between bloc-or countries taken as a group.

2 Certain aspects of the commercial relations of each of the bloc-or countries.

3 Main aspects of the commercial relations of Germany, the United Kingdom and the United States of America with 'bloc-or' countries.

The information in Part I is sub-divided as follows — trade of bloc-or countries and world trade; trade of such countries with countries outside the bloc-or; trade between 'bloc-or' countries; comparison of the trade between bloc-or countries and the trade of those countries with other countries; falling off in trade of bloc-or countries.

Part II gives certain details concerning the position of the Belgian Luxembourg Union, France, Italy, the Netherlands, Poland and of Switzerland within the bloc-or group and then some statistical information as to the yearly totals of foreign trade and of imports and of exports by groups of articles or by chief articles between 1929 and 1933.

In Part III will be found similar information concerning the trade of Germany, the United Kingdom and the United States with countries belonging to the bloc-or.

The above form the main part of the volume but they are preceded by general remarks concerning bloc-or countries taken as a group. It is emphasised that this group is transitory in character being due to the determination of the Governments forming the group to keep their currency in the future as in the past on the gold standard, and to the exceptional position in which such countries are placed in the face of a world economic system largely based on other monetary conceptions. This exceptional circumstance is not in itself an organic bond of union between the gold countries; the group would lose its purpose in a world that had returned to a uniform monetary system.

But it is pointed out that there are permanent and very real economic affinities between the five Western countries that belong to the bloc-or, a fairly wide standard of living, a considerable degree of economic and particularly industrial development, an extremely varied production, the co-existence of an agriculture and an industry that extend to many branches, common commercial traditions—all these make for close economic relations as is shown by a steady and continuous movement of exchanges between these countries.

But the bloc-or market is not of equal importance for all the countries of the group. In 1933 exports to other countries of the group amounted respectively to 39.9% for the Belgian Luxembourg Economic Union, about 36% for France (exchanges with Protectorates and Colonies being regarded as home trade), 34.3% for Switzerland, 29.3% for the Netherlands, 21.9% for Italy and 20.2% for Poland. These figures show that each of the bloc-or countries finds a considerable market in each of the others but the importance of their trade with certain other countries in particular the United Kingdom and Germany must not be lost sight of.

Each of the bloc-or countries finds in the other bloc-or countries together with the United Kingdom and Germany a market which in 1933 received the following proportion of their total exports: Netherlands 68%, Belgian Luxembourg Economic Union 67.5%, France (trade with the Colonies being regarded as home trade) 61.8%, Switzerland 69.9%, Poland 56.9%, Italy 45.5%.

The general remarks also relate to certain questions of commercial policy to deflation and to monetary difficulties in the various countries also to the effect of the maintenance of freedom in the purchase and sale of currency on commercial exchanges. There are also certain observations on the trade of bloc-or countries with other countries. The chapter on general remarks is expressing the views current in the various countries, ends by stating that to day it thought desirable that representatives of bloc-or countries should enter on further conversations on the following lines. Such conversations are regarded by those who recommend them as being destined to make a beginning with Europe and to proceed in the first place between bloc-or countries and the economic system based on Sterling but with the intention that other countries should also be invited to participate as soon as a sufficiently concrete basis for discussion has been elaborated.

Those who favour such steps refuse to abandon themselves to the idea that still graver catastrophes must be awaited before a common means of safety be sought through international means. On the other hand they are mistrustful of world conferences such owing to the confusion of numerous conflicting interests render extended and profitable conversations almost impossible and bind the responsibility of Government too directly and too immediately before matters have been satisfactorily gone into.

For this reason they would recommend a progressive method of essentially preparatory conversations free from the constraint imposed by limited time and from the influence of a nervous and disturbing press and an unduly alarmed public in an atmosphere of calm and confidence.

Aspects of Ancient Indian Economic Thought

By Rao Bahadur K. V. Rangaswami Ayyangar
Published by the Benares Hindu University
Benares

Professor K. V. Rangaswami Ayyangar deserves to be congratulated on the excellent service that he has rendered to the cause of Indian historical and economic knowledge by delivering the lectures under the auspices of the Mandira Chandra Trust to the Benares Hindu University. To be able to speak with authority on the contributions of ancient India to economic thought is necessary to have a double qualification. The writer must be both a historian and an economist. The distinguished lecturer is not only one of our most learned historical scholars but also a very able and well read student of economics. It is no wonder that from him we are able to get such an authoritative and comprehensive exposition of ancient Indian economic thought.

The ancient peoples are credited with little knowledge of the economic science of them the Indians were regarded the not the greatest view of the fact that the old Hindu were of too contemptible a turn of mind to think of the world and its problems. But it is too often forgotten that the most dynamic period of Indian history belongs to those good old times. As Professor Carlo Forché well said Kautilya is as great a product of the Indian genius as the Buddha. Even a cursory study of this book will convince anyone that ancient India at any rate was not so totally

behind of the physical needs and the satisfaction. It is remarkable to read in these pages written in a pragmatic style many of the thinkers those days. There seem to have been a workable compromise between the *pragmatic* and the *idealism* the result that idealism and realism were added together happily and monotonously. Such an idealism yet to found in medieval or modern times and which is honourable except on the latter day thinkers made an unholy divorce between the two. It seeks volumes for the agacety and synthetic genius of the old Hindu that is as able to bring about the blending of apparently conflicting sciences.

Though the author is aware of the danger of attaching an impression of the existence of a more systematic exposition of economic principles in ancient India than is justified and of attributing to old Indian thinkers opinion of a modern character yet it is to be feared that the learned Professor or himself has fallen into the trap. Too often does he read too much between the lines of the writings of an old Indian thinker and make him look startlingly conclusive. In spite of the excellent procedure of which he is conscious the occasional thinness has got the better of the usual. While we admire the patriotism and national mind that inspire such a procedure it may be highly deplored that any branch of knowledge would be deprived of a treatment with intellectual achievement. We need not understate the greatness of the ancient Indian's ungrateful and criminal do so. But to overrate them certainly is a task in spite of the opinion held to the contrary by no less great a historian as the late Professor P. T. Srinivasa Ayyangar. No harm can be done by facing truth boldly and confessing to candour. Nothing less will do as a mental

P

The World Depression

By K. T. Shah
The National Literature Publishing Company Ltd. No. 3 Kodak Cletty Street Madras. Price Rs. 1.80

The doctors of the present-day economic disease divided into two types one that find in the present crisis a turn-out of an abnormal type which can be cured by a radical treatment and the other that would treat it as an organized disorder which needs a complete overhaul of the entire system. The Social and the Communist are of the latter type, the Liberal and the Radical are of the former. Professor K. T. Shah has been a earnest and a devoted student of the Communist philosophy and a Russian expert. He is drawn naturally to the thought and action of the Socialists. He would have India and the world adopt the Russian model wholeheartedly that is the remedy for our economic

The older economists supposed to have been based on the doctrine of *laissez faire*. Free Trade was the symbol of the theory actual practice. But we wonder how far the pre-war world could be said to have adapted its policy. Except Great Britain we are not aware of any country that had adopted Free Trade. Even in the British Empire except India and the Crown Colonies whose economies are guided by the British Parliament it was conspicuous by its absence in the

Dominions. On the whole economic protectionism was the prevailing economic policy of a large majority of the world's countries. It was not even the cherished conviction of Continental and American economists. It is but truth to say that Frederick List and not Adam Smith inspired economic policy in Europe and the United States. Soon after the War paralysed by abnormal condition England too turned her back on her long established policy to seek refuge in Protection. Tariffs have always remained in spite of as well as on account of theoretical economists. It is futile to argue as if *laissez faire* was very much in vogue.

But the crude simplicities of the Protectionist doctrine do not solve the complicated problems of the present day. Therefore it is that the nations of the world talk of a systematic planning of economic life. But this planning does not come into conflict with the essential credo of Liberalism. The new economic order is sought to be organized with a full insistence on liberty as well as on equality. No abolition of private property or of individual initiative is contemplated. In fact the older set of Liberals allowed themselves to forget the *duties* side of their creed only the *rights* side was given prominence. Now it is demanded that the citizen should be conscious of his *duties* no less than of his *rights*. The New Deal of President Roosevelt seeks to embody this spirit of Liberalism in action.

The cases of Italy and Germany are different. Though there have been Liberal thinking of even an advanced type in those countries—for Mazzini was an Italian and Hegel was a German—they did not possess any instrument worth the name for the execution of Liberal ideas into action. England, France and America had firmly planted in their soil forms of democratic government. But neither in Italy nor in Germany was it so. Naturally they had to yield to anybody who seemed to possess more than ordinary power of mind and of action, who could solve their problems—and that too the apparently insoluble ones of the post war days—boldly and audaciously. If the Italian or the German Dictator had been truly statesmanlike they could have used their enormous influence and prestige for some enduring contributions to their country's social polity. As it is there is no prospect of continued development in case of a mishap. They have made no attempt to ensure a permanent way of the realisation of their country's destiny. On the other hand the wisest of living statesmen is to be found in Turkey where Mustapha Kemal Pasha is spending every moment of his time and every atom of his energy in a three fold way: (1) in economic and social advancement, (2) in implanting democratic ideas and a keen democratic sense in the minds of the Turks, and (3) in inculcating a deep and ardent desire for pacifist internationalism. To the reviewer Mustapha Kemal Pasha has always struck as the greatest and the most remarkable man of action of modern times. It was pregnant with significance and wisdom when Sir M. Visvesvaraya suggested that the lines of advance in India should be on those of America and of Turkey.

But then it may be asked what is the reason of the present chaos? Undoubtedly it is the result of the doctrine of self aggrandizing nationalism that has been the curse of modern European social

Practice. Every war in modern European history can be traced to this single cause of *untempered nationalism*. Even to-day the Western statesmen have not yet learnt that their policies have been the undoing of their civilization. The warnings of Dr. J. M. Keynes and Sir Norman Angel and the pleadings of Sir Arthur Salter have been and are all cries in the wilderness. We do not see any prospect of an end of this international anarchy if a spirit of true liberal internationalism does not pervade the ideology of our statesmen and politicians.

With regard to India it need not be said again that only the adoption of a sincere Liberalism on the part of our rulers will help to solve the problems. Otherwise we see before us clearly the beginning of a long and protracted struggle which will complicate Indo British relations to an enormous degree. Once the political problem is solved the adoption of a planned economy, like the one so persuasively argued and so well worked out by one of the ablest of Indian statesmen Sir M. Visvesvaraya in his recent book—which has already become famous—will speedily restore order and bring prosperity. We do not share the enthusiasm of Professor K. T. Shah for the Russian example, nor do we think with him that the disease needs an organic treatment.

Apart from this difference of opinion between us and Professor Shah we have nothing but praise for this book. Professor Shah is one of our most learned economists and naturally we are treated to an extremely able presentation of the nature and causes of and the remedies for the World Depression. We are thankful to Mr. Shah for giving us the benefit of his extensive knowledge and useful suggestions for books like this have a part to play in the moulding of economic opinion in the country.

R

Social and Economic Reconstruction in the United States.

Geneva Feb 28.—At a time when far reaching measures of social and economic reconstruction are being advocated or applied in various countries—by Mr. Lloyd George in Great Britain, Mr. Bennett in Canada, M. Flandin in France to mention only a few of those most prominent in this connection—the publication by the I.L.O. of a report on President Roosevelt's New Deal is particularly opportune.

In a volume issued in 1933 shortly after the New Deal came into operation the Office published the texts of the more important Acts and Industrial Codes basic to President Roosevelt's programme. In the present volume *Social and Economic Reconstruction in the United States* an account is given of the working out of this programme a knowledge of which is essential for the understanding both of present and of future developments.

THE NEW DEAL

The main features of the New Deal may broadly speaking be divided into two classes. In the first class fall those measures which while novel in

¹ *Studies and Reports*—Series B No. 2 International Labour Office Geneva 1933 Price \$2.75 10s 6d (stg.)

American experience are not new in the world as a whole such as most of the action taken for the relief of unemployment and for the regulation of banking and investment. In the second class fall those measures which are essentially in the sense that they are among the first noteworthy experiments in any country that particular form of Government that a democratic Here three major aims stand out—the organization of producers, the adoption of positive measures for raising business activity and the deliberate redistribution of income.

ORGANISATION OF PRODUCERS

Adaptation requires to be made between the organization of agriculture and the organization of industry. In the case of agriculture in order to meet the situation resulting from the drastic narrowing of the world market the Administration had to arrive at either to reduce output or to find new outlets. Since the nature of things new outlet could not be improved a reduction in output as a result of the reduction could be effected by natural means including the ruin of a large number of farmers or by organization. The Roosevelt Administration chose to do the latter organization. Some three million farmers all have voluntarily engaged in the reorganization scheme and the schemes have had a certain effect though it is difficult to say how much. The chief point is that for the first time so many as a whole there has been a measure of organization and regulation in the production of agricultural commodities but the main problem still has to be faced—whether the United States intend to let goods from other countries in larger volume as to be able to export its agricultural products in exchange or whether there is to be a permanent decrease of production equipment in agriculture.

The outstanding feature of the organization of industry effected under the New Deal was the attempt to substitute some measure of co-operation among producers for the mutually destructive competition to exist previously. The principle of competition was retained but in war practice whether at the expense of labour or the consumer or of rival producers were to be excluded. At the end of 10 years the National Industrial Recovery Act is to expire but its essential character remains the same as of self-government in industry per se of co-operation among producers in the Government control and the establishment of uniform conditions of labour—seem likely to remain.

REVAL OF BUSINESS ACTIVITY

The revaluation of business through increased buying and selling prices has been pursued by a variety of measures devaluation of the dollar, all nations of the monetary has Government intervention in the price level and part of the Government loan expenditure on public works. The results of this expansionist policy can be at present be gauged. While it is certain that increased Government expenditure has stimulated business activity it is equally true that the far business confidence has been impaired by the new system of Government intervention in economic matters the existence of a unbalanced budget and uncertainty as to what may be the next step.

REDISTRIBUTION OF INCOME

The third major aim of the New Deal—redistribution of income—closely bound up with the other two—organization of producers and redistribution of business activity. One of the chief objects of the organization of the distribution of the agricultural sector to create the income of agriculture and of farmer so as to reinforce the demand for the output of business. It must be that through the role of the New Deal there is this concept of a redistribution of national income as a stimulus to recovery and construction. President Roosevelt has expressed as follows—

I believe that there are at the threshold of a fundamental change in our economic outlook. I feel that the future are going to think about the producer and not about the consumer. Do let us not let the selfishness of a selfish economic order can not make a durable for long unless we can bring about a more equitable distribution of the national income.

It is too early to say how far the efforts of the government to bring about a redistribution of income has succeeded. The results of hours and the average rates under the Codes have been compared by a 5 per cent increase in total payroll. Admittedly the value of the payroll is less than it appears to be for the net cost of living. The figures show that the first year of the New Deal the real earnings of wage-earners as a whole raised by some 61 per cent.

The question of trade union organization is fundamental to the success of the government to redistribute income since a permanent change in the distribution of income in favour of wage-earners can be considered otherwise than by organization of their part.

CONCLUSIONS

Throughout its Report the aim of the Office has been to show how the Federal Administration has tackled practice what Prof. or West's technical analysis of the basic economic problem at no concrete make-dilemma problem on developing an economic organization that will enable the rise of a modern state to buy from another industrial modern industrial methods which the to produce.

The answer which the United States gives to this problem is the working out of the New Deal. It is of enormous consequence to the rest of the world. Because of the importance of the United States in the world economic system a revival of business that country is essential to world recovery. Further experience will necessarily influence the action of other countries. Most important of all the outcome of the New Deal more than any other single factor is likely to decide the war at all control of economic conditions can be reconciled to international economic relation.

With regard to the future of the New Deal the Report suggests that the major line of development seems likely to be a frontal attack upon economic emergency.

Industrial Relations

The International Labour Office is publishing a series of studies on industrial relations in various types of undertakings. The first studies covered a number of well known European undertakings—

The Bata Boot and Shoe Factory the Fiat Motor Works the London Traffic Combine etc. In a volume just issued¹, the third of the series the scope of the studies has been extended to North America and an account is given of industrial relations in a cotton mill in Salem U.S.A. with a capital of \$6,000,000 and employing about 1,300 workers and on the Canadian National Railway system which operates some 23,000 miles of rail road and employs over 70,000 men.

WAGES AND WORKING CONDITIONS ON THE CANADIAN NATIONAL RAILWAYS

Wages and conditions are generally regulated on the Canadian National as on all Canadian railways by national collective agreements between the railways and the unions. Separate agreements are concluded for various categories of staff and these are by mutual agreement revised from time to time.

Settlement of Grievances—Complaints of employees may be referred, through a series of district and divisional authorities up to the general superintendent and if necessary the general manager. If no settlement is obtained the case is referred according to the category concerned to one or other of two appeal boards—the Canadian Railway Boards of Adjustment composed of an equal number of representatives of the management and of the employees or in the case of shop crafts employees to a Joint Sub-Committee on wages and working conditions.

If agreement cannot be reached by direct negotiation a Board of Conciliation composed of representatives of both parties under an independent chairman may be appointed under the Industrial Disputes Investigation Act. In the case of industries of public interest the Act provides that in the event of a Conciliation Board being appointed, it shall be illegal to declare a strike or lockout until the Board has dealt with the dispute.

The Joint Co-operative Plan—The most distinctive feature of industrial relations on the Canadian National Railways is the so-called Joint Co-operative Plan.

The movement to establish some form of co-operation between the management and the men arose in 1923 from a desire on the part of the craft unions to arrest or at least to discourage the spread of the bonus method of payment which prevailed on certain lines of the system and which it was proposed to extend to other lines. The Joint Co-operative Plan was first introduced in the railway workshops. Under the Plan adopted in 1927 joint co-operative committees are appointed in workshops and at repair points. There are three grades of joint committees—the shops committees the regional committees and the system committees. The shops committees meet once or twice a month according to their importance. The regional committees meet once a year. The chairman of a regional or system committee may call an additional meeting at any time.

The recommendations of the committees deal with the advancement of the industry the welfare

of the workers and the betterment of the railway service to the public.

The average number of suggestions offered at meetings of the co-operative committees has been over 2,000 per year of which over 80 per cent. have been accepted. The suggestions put forward chiefly by employees have covered a wide variety of subjects such as apprentice instruction increase in staff promotions condition of shops equipment maintenance standardization etc.

The existence of the co-operative plan as applied on the Canadian National Railways provides a systematic channel for co-operation and ensures that each suggestion shall be given adequate consideration. The individual worker takes his suggestions readily to his union representative on the co-operation committee or they may be first brought forward and given preliminary consideration at a meeting of the trade union branch. Among the material benefits of the plan are improved work-shop conditions and higher earnings. As a consequence of the benefits received, the Company was able to introduce in 1928 the system of one week's holiday with pay each year for all workers with two or more years service. Stabilization of employment, especially in the maintenance branches, is considered one of the most important steps in the programme of the co-operative plan.

In 1930 the principles of the plan were extended by the establishment of similar joint committees to the permanent way department, which employs over 20,000 men. All of these employees are now covered by the plan which, in the view of the Railway has been an unqualified success.

Hours and Wages—The 8-hour day is in operation. During the depression hours of work have been reduced wherever practicable in preference to dismissing staff. Nevertheless the depression has been so severe that large numbers of men have had to be laid off the number of employees fell from 91,000 in 1931 to 70,000 in 1933. In general wages have fallen ten per cent since the depression began.

Pensions—An Act of 1929 set up a system of non-contributory pensions. The retiring age is fixed at 65. The pension is calculated at the rate of 1 per cent for each year of service on the highest average rate of pay for any ten consecutive years the minimum pension being 25 dollars a month.

Apprenticeship—During the depression it was found that apprentices who had completed their training on the railways could not be taken into the service. A sub-committee appointed under the Joint Co-operative Plan recommended that the ratio of apprentices to mechanics should be one to ten and that new apprentices should be started on this basis. Subsequently a general plan outlining the number of apprentices that could be employed in each district was drawn up and approved by the management. The training of apprentices is centralised at twenty points.

Medical Examination—All new employees must pass a medical examination. Drivers firemen conductors and brakemen are medically examined every three years to the age of fifty every two years from fifty to sixty five and every year thereafter if their employment is extended.

First Aid—In 1930 the first first aid instruction

¹ *Studies on Industrial Relations* III. International Labour Office Geneva 1935. Price \$1 4s (stg)

and emergency hospital car was put into service. In addition to a lecture room it contains a miniature hospital with an operating table and other appliances. It is fitted with a special storage

battery to ensure the best of lighting under any circumstances. The cars have rendered excellent service both for instructional purposes and emergency hospitals.



Books in Brief

Short Reviews of Recent Books

Some Aspects of the Indian Problem

Being the Inaugural Massey Lecture By Lord Irwin Oxford University Press 128-132 University Avenue Toronto Price 50 cents

Few Viceroy has commanded the respect of the Indian intelligentsia as Lord Irwin has done. His period of office in India synchronised with anxious and stirring times in the history of this country. It must be granted in all fairness that in spite of the great difficulties of his position he attempted to meet the wishes of the Indian people. In fact he is responsible for the greatest declaration of British policy towards India after the Declaration of August 1917. So one expects to find a fair treatment of the Indian problem in his hands. No one will feel that Lord Irwin has not justified the expectation he dealt with some aspects of the Indian problem in the Vincent Massey Lecture now offered to the public in the form of a booklet.

Lord Irwin spoke in April 1933. The early enthusiasm for the deal of Federation-cum Dominion Status had then been slowly cooling down. The earlier mentors of the Princely Order made an almost unpardonable retreat thus allowing reactionary elements in that fraternity the upper hand. The result has been an awful mangling of the clear-headed deal of Indian statesmen. The present Government of India Bill seeks to subordinate the older ideal of Dominion Status to the newer deal. Verily the Prime Minister is a Sastre as almost prophetic as his appeal on at the First Round Table Conference itself. Lord Irwin said that the fate of Federation is to be formed at least as it was first considered has been at a time to have certainly in the balance. (Italics ours.) Those principles have been used to regard the British Indian politician as taking an unbusinesslike view of the attitude towards British India and ambition we commend the line of the ex-Viceroy who at the time the deal began to take root and even protected.

Lord Irwin has expressed to a statement that the question whether there is at present in India a solidarity of sentiment such fundamental unity as breeds willingness in the last resort to find dual class or communal advantages for the common good the answer must be regretful but not less clearly be in the negative. It is painful almost a wrench of the heart to a sentiment to the essential truth of this proposition. Coming as it does from Lord Irwin to whose credit stand some of the noblest appeals for communal harmony in this land we have no doubt

that it bears truth of no ordinary type. But it is unfortunate that the British rulers of the country have done little or nothing to represent communal tendencies some will even go the length of attributing to the Anglo-Indian administrator a dual class consciousness. And then Lord Irwin not thought it fit to present another side of the case. While it is true that there is not a great or a magnanimous desire on the part of the various communities to sacrifice their self-interests for the common good it is equally true that they do not want the domination of the first. Mr. Jinnah the leader of the Moslem communalists and Dr. Ambedkar the leader of the oppressed classes are not less sincere in their denunciation of the Anglo-Indian oligarchy than Mahatma Gandhi or the Right Hon. V. S. Srinivasulu. So we feel that Lord Irwin has been unjust to us in not presenting this side of the dual political shield to the Canadian.

Otherwise this lecture is a fair representation of the many-sided nature of the Indian political problem. It is well worth a study as it is an exposition from an authoritative source.

V. V. R.

The Coming of Karuna

By R. G. Shaha Messrs. John Murray, Albemarle Street London W. Price 2s. 6d.

Mr. Shahan is well known to students of Indian literature. Here are some musings of his topics literary and philosophical. They are representative of a nationalised and literary and philosophy. If anybody must criticise Mr. Shahan it is certainly not on the ground of lack of learning.

Mr. Shahan is truly a child of the age. He is full of the present-day craze or genius—whichever you like—for synthesis. Of course the future historian of the world's thought will give a luminous page to this great contribution of the early twentieth century to human thought. The reconciliation of reason and intuition the *rapprochement* of the apparently conflicting clouds of thought—religious as well as philosophical—and the desire to separate the wheat from the chaff—all these tendencies of modern literary and philosophical mind find ample display in the essays of Mr. Shahan. This is a book that deserves high commendation on both for its thought and its style which abounds in a literary atmosphere though high flown at times.

R. V. A.

Trifling with War

By Ray DeWitt Herring Meador Publishing Company Boston 1934 Crown 8vo pp 379

In this sumptuous volume of some four hundred pages Mr Herring deals with a subject of fascinating interest. Hundreds of books have been written on the Great War by diplomats retired Generals, journalists and novelists. Numerous tomes of State Papers are being leisurely released by the chancelleries of belligerent and non-combatant States indicating some of the intricate points connected with the origins, course and culmination of the 1914-1918 armageddon. Incense was burned and is still being burned at the altar of the Muses and much prejudice and propaganda were the net result of two decades of authorship in various countries for or against one particular person or policy in relation to the fortunes of those four fateful years. The stage also was adorned with such wonderful displays as *Journey's End* and *All Quiet on the Western Front* emanating from England and Germany respectively.

But so far no unbiased and sincerely passionate account of the realities of the Great War has been published. Mr Herring deserves the thanks of the reading public for the interesting and plain narrative he has adopted to unravel with almost child-like naivety the real significance of the Great War as understood by those who experienced it in the front line of battle. He has no programme to plead. He has no cause to defend. He is utterly immune from personal vanity. In fact Mr Herring's task has been that of a diarist who notes down things in his pocket book as they occur to him during his daily routine. Though not a trained artist Mr Herring has given us a narrative containing some purple patches of enduring interest.

Hardly in his teens the author of this entertaining book has been drafted into the Provisional Battalion of the American Expeditionary Force which was dispatched to the Western Front in September 1917 to bring victory to the Allied and Associated Powers. Mr Herring has not even properly left College when he was thus suddenly called upon to enter into an unknown adventure in the cause of making the world safe for democracy. Mr Herring successively details his amateur experiences in the American barracks prior to his departure to France; in England his observations on the dismal outlook prevailing in the latter country after the disastrous engagements on the Somme and at Verdun; his first impressions on French life and activity during the darkest hour ever experienced by France; the strenuous experiences he had before he could graduate from the training camp to the front trenches; the tragedies of trench warfare; the social and sex reactions of the Occupation Army when occupying the Rhineland; and the final impressions of a front line soldier after fourteen months of gruelling experience in the cauldron of war. This plain narrative as I have already stated is only occasionally relieved by pithy and poignant comments upon the course of events which came across his way. No *post mortem*, no philosophical speculation this *Trifling with War* is.

I would have contented myself with this book if only for the epigrammatic vehemence of the narrative which it contains. I give below a few selec-

tions for the benefit of the reader to form his own opinion of the book which is offered to the public by Mr Herring. "The fellow who is the soldier and animal the less he is a man" (p. 93). It is hard to conceive of a Christian war (p. 95). If patriotism and allegiance to a cause could be saved by sundry plates of beans and the fixings, it behoved our trusty Uncle to corner the Boston market (p. 102). The surgeons' venereal reports showed ours to be the cleanest Company at Bergonville, a decent commendation lacking in heroics (p. 126). "No God damn German ever take me alive" (p. 144). The truth of it (i.e., front line warfare) is most of us were just about scared into fits (p. 156). Desecration had come to the altar itself (p. 164). Quibbling war knows no sacredness of contracts. Scraps of paper shrivel in the heat of the cannon's mouth (p. 173). Commenting on the workings of the War Office and the Generals in the field of battle Mr Herring says that to prey on dull strength of simple brutes is cowardice and vicious sin (p. 181). Killing and maiming counting noses dead and alive is the business of war (p. 215).

I have quoted enough to give the reader an idea of what a rich fare is there for him in this book of Mr Herring. Without being pedantic it is instructive without being heavy it is relevant without being argumentative it is provoking. An altogether absorbing book.

LANKA SUNDARAM

Economic and Social Aspects of Crime in India

By B. S. Haikerwal Messrs George Allen & Unwin Ltd Museum Street, London Price 10s.

The science of Indian criminology is yet in its primitive stage. The study of the psychology and reformation of crime and criminal treatment is not yet seriously made. It needs no saying that India has made no contribution to general criminological thought.

Social and economic conditions and custom are the chief causes of crime in India. These are dealt with in three chapters. The part played by the Panchayats in olden days in checking crime and the need for its restoration form the subject of a chapter. Yet another speaks of crime and the Court. Criminals are classified the criminal tribes and their settlements are then described. The last two chapters relate to the jail and the reformatory—the deterrent and the curative. It is thus seen that within 234 pages of pretty bold type Dr Haikerwal has taken us through the entire field of Indian crime.

Dr Haikerwal's book is more descriptive than critical and constructive. These qualities are certainly not absent; there is of course a certain amount of suggestive criticism. But it cannot be claimed that it is in the nature of a great contribution to Indian criminology. But Dr Radha Kamal Mukherji points out in the Foreword this is the pioneer work on the subject and skirts a field which is almost uncharted in India. It is undoubtedly a valuable introduction to this great and pressing problem. We hope that this attempt is an earnest of "more and valuable contributions in the untrodden field of Indian criminology."

Eminent Americans

By J T Sunderland Published by R Chatterjee
120-2 Upper Circular Road, Calcutta Price
Rs. 3

Fifteen distinguished Americans are delineated to us by the well known Dr J T Sunderland. Ralph Waldo Emerson, the re-creator of the modern clothes, the fine product of Greek and Indian philosophy, James Russell Lowell, the poet-critic, H W Longfellow, the poet of the people, and Oliver Wendell Holmes, of the famous breakfast series—these men of letters are represented in this selection. Abraham Lincoln, William Lloyd Garrison, and Thomas Paine, the three great apostles of liberty, are studied with Dr Channing and the less known Dr Charles Dole, the religious preachers, Horace Greeley, America's greatest journalist, and Dr Charles William Eliot, the distinguished President of the Harvard University. Three women too are included—Mrs Julia Ward Howe, Mrs Lucy Stone, and Miss Alice Stone Blackwell. It is an impressive and inspiring list, and a cry of them is of such an intellectual and moral calibre that any country will be proud to own them. Dr Sunderland's book enables us to come into touch with some of the rarest figures of the United States of America, who have contributed to the building up of the cultural and social fabric of that great nation.

We are afraid too much has been attempted by the writer of this book. For a proper understanding and appreciation of each of the persons, it is a book of this size, a desideratum. It is no wonder then that these books smack more of a journal than of literature. It seems to us that this book has not been written with a view to effect an interpretation. Men of a mature mind will find little or nothing to profit themselves. We heartily welcome that a book of more substantial merits is at the risk of expanding to a far bigger size, had been taken for it requires the light of literary genius to comprehend a book of this nature. It is a great task for great men and women. That is our suggestion to be. As introduction to some of the ten eminent personalities of the New World, this book will be found useful.

R V V

The Life and Speeches of Sir Vithaldas Thackersey

By H I Kaka, Messrs D B Taraporewala & Son, Hornby Road, Fort Bombay

Of the eminent public men of this country that came to the fore in the early decade of this century, Sir Vithaldas Damodar Thackersey is not among the least. The period of his political life saw the emergence and dominance of some of the best constructive talents in political India. As Sir M V Keshavaiah has well said, his presence to this book. As a constituent thinker and worker and as a daring organizer, Sir Vithaldas Thackersey must be reckoned as one of the great Indians of his time.

The life and work of a business politician have a value all their own. It is to be expected that a tendency to be extreme in their demands and exhortations. But no men are on the other hand likely to be more conservative than liberal in their outlook and aspirations. If one can successfully combine the qualities of a businessman and a politician, that public worker is bound to wield a most beneficial influence on the social and economic life of the country. Such a rare combination is

the hero of this bulky volume. When the activities of such a man are expounded to the public by an academic economist of the highest and knowledge, Professor H I Kaka, it is a certain to have more or less an extremely valuable biography. The more ideas and details of Sir Vithaldas may may be rightly thought not to tell us at present. As Professor Kaka points out, one price many of the economic problems to the solution of which he devoted his great power is still remaining. The country has been and is with the crises of our merchant princes and industrialists have been often crises in the wilderness. At the speeches of Sir Vithaldas, the more important ones of his are given. The second part of this book, being a reading even at this time, is a great profit.

Sir Vithaldas, as a servant of the people in any capacities. On the Municipal Corporation, Bombay, on the Provincial Legislative Council, the Imperial Legislative Council, as a banker, financier, as an industrialist, and as a politician, he has left his footprint on the sands of time. As a politician, to quote again Sir M V Keshavaiah, he could not cure the political ills, reckoned a Liberal as a businessman, he was a progresser, with a firm grasp of current industrial and financial problems, in social matters, was first may be said to be a reformer, one of the leaders of the times. By temperament and by life, the career of Sir Vithaldas Thackersey as a story of liberal man in action. For Sir Vithaldas has endeavored to portray before us a patriotically to state the fact that may deduce. He would do this book, appeal the student of Indian affairs, no less than the politician, the industrialist, for Sir Vithaldas has so many repeated a model of what a public worker ought to be.

On no point. The pellucidity of his personality varies. But it is always useful to have certain standard of spelling, which is followed by itself. In this book, the proper names are spelled as varied as possible. Sir M V Keshavaiah takes the lead in this. And then, it is a take commonly made that the late lamented Sir Vithaldas Thackersey was a knight, as a knight, he was not till the end of his life. The course that he followed in his life would have been made in the New Year honours that followed his death a few days later.

V V P

The Progress of Rural Welfare in India

By C F Stokland, The Oxford University Press, 101, Box Road, Bombay, Price Rs. 8

Mr Stokland reviews the work of rural reconstruction carried out during the year 1934 by the Indian Village Welfare Association. The Association we are glad to note, have been doing useful and valuable work for our villages. But while we do not wait to be captivated by regret, but it evokes not much enthusiasm in us. The best of it in India, in the past, cannot be repeated unless a vigorously dynamic movement is engaged and fostered by the long care of devoted service. In this connection, we would appeal to the Indian Village Welfare Association to join hands with Mahatma Gandhi, the one man in India who is capable of organizing and executing constructive work of the best kind, if that happens, we are sure of a speedy recovery of our villages.

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No 7

Economic Implications of Separation of Burma.

By Dr. Lanka Sundaram M.A., Ph D (London),

Director, Indian Institute of International affairs

The separation of Burma from India is now a settled fact. Even before this article goes into print, the British Government would have obtained Parliamentary sanction for the India Bill and placed it before His Majesty for his Royal significance. The dismemberment of India would thus be completed, in so far as legislative sanction for such a procedure is concerned. The separation of Burma is of vital economic and political importance to our country. Below, a detailed examination of the most important of the economic consequences of the separation would be reviewed largely on the basis of the authoritative material collected by me during my sojourn in Burma.

One or two preliminary words are necessary to impress upon the public of India that the separation of Burma is wanted neither by the Burmans nor by the Indians on either side of the Bay of Bengal. Notwithstanding the home-rule agitation which attained considerable momentum in 1917 every known type of articulate opinion in the land of Brahma is now solidly ranged against separation. No doubt parties not entirely disinterested have succeeded in queering the pitch and in creating the semblance of a popular movement in favour of separation in that country. If we adopt certain known criteria which must perforce retain their validity, it may not be difficult for us to demonstrate the point that separation is an unwanted thing to the Burmans themselves. The Burman General Election three years ago, which was contested on the separation *versus* federation issue, emphatically repudiated the overtures of certain interested politicians of the separatist group in that country. As a matter of fact, the majority of the Legislative Council in Burma to-day is anti-separatist

in character. If another index is necessary to demonstrate the validity of the proposition, it is sufficient if we remember that the present President of the Burma Legislative Council, U Chit Hlaing, the arch-priest of federation, has succeeded to his august position after defeating the separatist group by a overwhelming majority. At least one of the present Ministers of the Burma Cabinet, Dr. Ba Ma is at any rate a confirmed federationist and has given support to the Council to the Chit Hlaing party.

Needless it is to mention that the entire Indian community in Burma is emphatically opposed to separation. Nor for that matter are British industrial and economic interests in that country jubilant over the present settled fact of Burman separation. Even though they have at one time given their moral and material support to the separatists, they are now definitely regretting it in leisure and when I was in that country at the time when the Joint Select Committee's report was published I had ample evidence before me to come to the conclusion that if it is at all possible to day they would have the status maintained for an indefinite period. Actually the Burman Chamber of Commerce has early this year sought the good offices of Lord Derby, in order to express upon the Home Government the necessity for the dropping of the separation question. Whatever may be the present disgruntled state of affairs in Burma, separation seems an ordained fact and would require the necessary legal corrections in the course of the next few weeks and undoubtedly involves questions of vital importance to the future stability of the economic and political fabric of both the countries concerned.

The Indian case in Burma is easily recounted. Half a century ago after three bloody Burman wars and the defeat of the armies of Maha Bandoolla and Thebaw, towards achieving which Indian men and money have been expended in a liberal measure, Burma was brought into the administrative framework of India. The second session of the Indian National Congress in 1886 emphatically protested against such a coalescence of these two administrative units, in which the balance of economic advantage lay entirely with this newly acquired territory. Indeed national opinion at the time of the incorporation of Burma into Indian polity was more anxious to have the small mercies of the abandonment of costly expeditions chargeable to the Indian revenues than acquire new obligations, new problems and new territories. Still the Gods at Calcutta at that time have felt it convenient if only to place British Imperialism in Burma on a secure footing to push the plans with meticulous thoroughness. Ever since this political and military incident the warp and woof of the Indo-Burman economic and sociological structure has been reinforced by the cohesive starch of mutual sentiment and understanding between the respective people concerned.

Even though Indo-Burman racial and economic contacts go back into the dim vestiges of the past it is only during the past half a century that the integration of Indo-Burman co-operative enterprise in that country has been gradually achieved. To-day there are ten lakhs of Indian nationals resident in Burma. That is to say one in ten of the population of Burma is an Indian. The vast proportion of the superior administrative services are manned by the Indian community. The entire city of Rangoon was built up by the capital and enterprise of Indian merchants and traders. Almost the whole of the internal trade of the country is financed and carried on by Indian financiers and petty merchants. The Chettis of South India have invested some eighty crores of rupees and are discharging the functions of some sort of an agricultural land mortgage bank which is non-existent in that country to-day. Some six lakhs of Indian labourers are supplying grist to the mill of Burman agriculture, industry and commerce. As a matter of fact the present economic prosperity of that country has been built up upon the graves of countless

numbers of Indian toilers. Mr K. S. Harper, European representative from Burma who gave evidence before the Joint Select Committee, has emphatically laid it down that without the continued presence of the Indian community of the various denominations mentioned above, Burma would have to close her shop and go into voluntary liquidation.

The magnitude of the Indian question in Burma both from a demographical as well as from an economic standpoint, is thus perfectly clear. In passing, however, we have also to note that inclusion of Burma in India brought the people as well as the Government of the country into intimate contact at least with three foreign powers, viz. Siam, China and Tibet. As a matter of fact, whatever might be the extremely difficult nature of these contacts in so far as border incidents in Burma are complicated and dangerous in their import, the sphere of India's intercourse with the outward world has by this means been enlarged to a very large extent indeed. Thus it would be seen that one of the *obiter dicta* of the Joint Select Committee, which is contained in paragraph 416 of its report, that 'the interest which India feels generally in Burman affairs are of the slightest' is not a tenable proposition, which appears to have been laid down more out of the enormity of the ignorance of the commissioners concerned than of any ascertainable truth at its back.

A word or two about the procedure adopted to achieve the separation of Burma from India are also vital to our present purpose. Artifice, ingenuity and a series of *faits accomplis* have been taken recourse to by the British Government to achieve their ends. Thus at the time of the first Burma Round Table Conference the Premier Mr Ramsay MacDonald solemnly declared that separation would not be proceeded with unless the people of Burma emphatically declare themselves in its favour at a general election to the local legislature. Still in the debate of the House of Commons on the first reading of the Government of India Bill on the 10th April 1935, Sir Samuel Hoare begged the House not to be misled by the verdict of the general election but to proceed with the appointed desire of the people of Britain towards broadening freedom in Burma from precedent to precedent. The Burma Round Table Conference has again specifically laid down that at the time

when Indo-Burman financial relations are to be adjusted, according to the new constitutional dispensation, a tribunal consisting of non-official representatives as well as Government delegates from both the countries must be appointed to enquire into the matter, the findings of which are to have mandatory effect. Still, Sir Samuel Hoare could repudiate with impunity the recommendation of this Conference and appoint a partisan committee of three tried bureaucrats of Britain and India who are notorious for their imperialist tendencies.

As a matter of fact the Amery Committee is not an arbitration committee, nor is the report a judicial award. It is rather interesting here to remember that for the adjudication of the claims between India and England as regards the allotment of expenditure on the British garrison stationed in India, a capitulation tribunal consisting of eminent judges from England and India was appointed. Even though the minority report of Sir Shadi Lal, lately Chief Justice of the Lahore High Court and at present member of the Judicial Committee of the Privy Council and Sir Muhammad Sulaiman of the Allahabad High Court, has not been accepted, everyone in the country had been satisfied that the case of India did not go by default. But two different standards of scales and measures are found to be necessary by the British Government to liquidate these two identical questions of Anglo-Indian and Indo-British financial obligations.

One other instance is necessary to further knock the bottom out of the plea of the Government of India and His Majesty's Government in England that the scales are being held even as between Burma and India. In a majority of 75 votes to 36 the Indian Legislative Assembly has carried an adjournment motion on the 26th March 1935 and has made out a trenchant case against numerous irregularities and injustices which crept into the Government's procedure as regards the separation of Burma. Sir James Grigg, the present Finance Member of the Government of India had to admit on the floor of the House that he had misled the Assembly as regards the information supplied to it and that even though the Amery Committee was appointed towards the end of last year, the Government of India could not have any information about its activities till this adjournment motion came up for discussion!

Finally, it must be remembered that there is no prospect of the next session of the Indian Legislative Assembly which is to commence its Delhi sitting in August this year, having an opportunity of examining the findings of the Amery Award in so far as it cannot come up for discussion in India unless and until they are incorporated into an Order in Council by the British Government which can only do so at the earliest in January next year. As such, it would not be wrong if we said that in the settlement of the Indo-Burman question the rights of India have not been adequately met even if they have not been jeopardised both by the Government of India as well as by His Majesty's Government in Great Britain.

ASSETS AND LIABILITIES

However it behoves every serious student of the Indo-Burman question to take stock of the present position and to clearly render the actualities of the present constitutional dispensation for both the countries. There are three bases of approach to a study of the economic implications of the separation of Burma. In the first place, the so-called Indo-Burman trade agreement must be considered. Secondly, the Labour clauses of the same agreement must also be examined. Finally the Amery Committee's report must be subjected to a searching analysis. We will take up these three items separately to assess how the balance of advantage has been distributed as between India and Burma.

The Joint Select Committee has stated in paragraph 425 in its report that in normal times the average annual export trade of Burma is about 56 crores of rupees of which 45 per cent goes to India. On the import side averaging in normal times about 24 crores of rupees per annum 42 per cent are from India. It is obvious that India's trade with Burma represents 14 per cent of the country's total imports and 5½ per cent of exports. To put it in another way, India is responsible for nearly 50 per cent of Burma's export and import trade. This is the present position of Indian trade with Burma. For every rupee we are receiving from Burma by way of her purchases of Indian goods we are returning more than two rupees for our purchases in that country. Long a part and parcel of India, Burma has reaped an enormous benefit from her trade with India since trade action is not possible on this side of the Bay of Bengal.

even if Burman imports into India are not of the desirable variety

An examination of Burma's exports to India is of vital necessity to our country, and particularly to South India. Rice, oil and timber are the three staple exportable commodities of Burma which are largely consumed in our country. None of these three commodities are unavailable in our own land. Last year Burma exported to the Madras Presidency over 25 lakhs of tons of rice and paddy which has so mercifully undercut the local prices and have ushered into existence a very acute period of agricultural distress in the districts concerned. There was a time when people talked loud and big that Siam's rice imports are responsible for this deplorable mess in the agricultural economy of South India.

As a matter of fact, the Government of India have imposed a tariff duty of some 12 annas per maund on Siamese rice thrown on the South Indian markets. But it is now recognised that this tariff action did not touch the fringe of the problem of agricultural distress in India. Every one realised the point that unless and until Burman rice imports are regulated and a tariff imposed upon them there is no salvation at all for the economic and agricultural interests of India. Still, taking shelter under the constitutional convention that India cannot impose a duty on Burman goods these vast quantities of rice imports into India are tolerated beyond a measure.

It is not my purpose here to recriminate against the Burman people or the Government of Burma for that matter. I am only stating the proposition that on account of the fact that Burma is a part of India, we have tolerated such a very distressing state of economic affairs it only to pull on with our Burman fellow-citizens on terms of extreme cordiality and good neighbourliness. The so-called trade agreement which has been arrived at by the officials of the Government of India and the Government of Burma, with Sir Louis Hershaw, the permanent Under Secretary of State for India, thrown in between as one of the Burman delegates, has been arrived at with in closed doors. Sir Joseph Bhowe, lately Commerce Member, refused the Indian Legislative Assembly any opportunity for discussion of the cardinal points of this agreement before it became a settled fact. The main point involved in the Indo-Burman

trade agreement is that it would maintain the *status quo* of trade relations between Burma and India for an initial period of five years, after which fresh negotiations are to be opened, with a view to an ultimate liquidation of the conflicting rights of India and of the newly created state of Burma. There is not the slightest doubt that if this particular settlement is not correlated to other important questions, India ought to be happy about it. But unfortunately such is not the case as I will show presently. The allocation of the assets and liabilities of respective countries in the event of separation have been so adjusted that a loss of revenue on the part of India has got to be balanced by means of a tariff. Further, the vast amount of Indian interests in Burma are placed in a state of permanent jeopardy and any bargaining power which a competent tariff on our side can bestow upon our country has been denied us. Such being the case, the Indo-Burman trade agreement cannot but be deemed to be thoroughly unsatisfactory from the point of view of Indian economic interests.

It was the original intention of the Government to have some sort of a labour convention also arrived at between India and Burma in order to regulate the movements of Indian labour to and from Burma. Unfortunately, the Joint Select Committee have thought it fit to homologate one or two clauses on Indian labour into the Indo-Burman Trade Agreement and achieve its purpose, thus virtually denying an adequate opportunity to the workers of this country as well as to the workers of Burma, for a proper settlement of their respective rights, claims and duties. Speaking with full personal knowledge of labour conditions on either side of the Bay of Bengal and also of the conditions of life and work of Indian labourers in Ceylon, Malaya and other countries in the world and speaking with conviction, I have got to state that the maintenance of the *status quo* for a period of five years as regards Indian immigration into Burma, is bound to prove disastrous to countless numbers of Indian toilers in that country. The Indian labourer would be sweated beyond repair. He would not have any bargaining capacity worth the name. No adequate guarantees would be there towards the protection of his legitimate interests in Burma where he is in great demand, if only for the preservation of

the present economic prosperity of that land. The Joint Select Committee seems rather unfair in its observations on Indian labour in Burma (Paragraphs 433 and 473 of their report). Nor is the Government of India Bill any better, even after persistent agitation on behalf of Indian labour. Sub Clause (3) of Section 340 has been so interpreted as to permanently jeopardise the interests of unskilled Indian labour immigration into Burma. Indian labour would not have any quarrel with the competence of the Burman legislature to impose restrictions upon the right of entry, provided the Government of India takes up statutory control of their movements as they are doing in the case of similar labour movements to and from Ceylon and Malaya. All told on the Labour side the situation is most disquieting. Separation of Burma from India without adequate statutory reservations on behalf of the Indian Government and on behalf of the Standing Committee of Immigration of both the Houses of the Central Legislature would prove disastrous as far as the rights of Indian labourers are concerned.

The Amery Report is the last of the three reports which ought to be adopted in our appraisal of the Ind-Burman economic relations. On the total public debt of 1212 crores of rupees which the present Government of India including Burma owe to the outside world 207 crores constitute unproductive debt. The vast proportion of the latter has accrued by way of costly Burman wars and construction of railways and public works in Burma. I concur in opinion in this country has been to the conclusion that Burma's share of the unproductive public debt of the country would come to some 80 crores of rupees. In an case such a figure would be arrived at after taking into account the cost of maintenance of Burman railways including capital expenditure on public works, permanent establishments and military establishments in the Burman border and elsewhere.

The Amers Committee opened their report with the following two paragraphs —

The existing partnership continued in a new partnership between two entities. It is a single Government which at the date of separation will go on to exist, leaving behind certain assets and liabilities. It is our task to enforce the methodology which the assets and liabilities may be valued at the date of separation and in what proportion the new States should bear the

in excess of liabilities over a 100 per cent. The Government has recommended that the whole of the assets and liabilities of the present Government of India should be valued on the basis we indicate and that the ascertained net of the assets will be deducted from

liability and that responsibility for the balance of liability should be assigned to the countries in proportion to or in a ratio to be derived by a general consideration of the relative economic situation.

They have excluded for separate consideration and treatment the question relating to human capital, by doing so.

Working on their report on the basis of figures available at March 31, 1933, the new Committee came to the following conclusion:—The total losses of India of Burma at that time were 13,600,000,000, their assets totaling

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 was Rs. 17,60,47,000 by
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self same purpose. Again the Government of India have demanded the allocation to Burma of a 10 per cent share of the excess of liabilities over the assets. On all these three important points the Amery Committee has struck the line of least resistance and has arrived at a logical average between the respective claims of the Governments concerned. The Indo Burma tribunal is thus neither an expert committee reflecting non-official opinion nor a judicial committee seeking to establish facts. It would not be an incorrect description if it is said that the Indo Burma tribunal is a committee of average. One need not waste his time in enquiring whether or not this so-called

award is judicious or beneficial to India. If it is remembered that even the next session of the Legislative Assembly might not have an opportunity to discuss this award it would be realised that the economic and general well being of India has not been as well remembered as it ought to be in the settlement of this big question. While leaving one million Indian nationals resident in Burma as well as their vast stake in the country to the unknown fortunes of the high seas of Burman politics, His Majesty's Government in Great Britain have taken care to see that even as regards ascertainable facts they are not prepared to give India a square deal.

The Indian Budget, 1935-36.

By Krishna Kumar Sharma, M A, B Com

The Indian budget for the year in question was balanced with a surplus while there was some remission in taxation the pay-cuts were restored. The Finance Bill as moved by the Finance Member was modified in the Assembly but the Government ignored the vote of the House and the Governor General used his extraordinary powers to certify the Bill. The main features of the Indian Finance Bill as originally moved by the Finance Member and eventually enacted as an Act for the ensuing year were as follows:

- 1 Reduction by one third of surcharges on income tax and super tax.
- 2 Reduction of duty on silver from five annas to two annas an ounce.
- 3 Abolition of export duty on raw skins.
- 4 Extension of additional import duty on salt for one year.

The revised budget figures for the year 1934-35 were—Revenue 91 crores expenditure 87.73 crores surplus 3.27 crores. The revised figures were better than budget figures by 3.17 crores. The budget figures for 1935-36 were—Revenue 90.19 crores expenditure 88.69 crores surplus 1.50 crores. The accrued balance of 3.89 crores left over from previous years was allocated by setting aside one crore for provincial rural development schemes, forty lakhs for Road Development Fund Reserve, twenty five lakhs for North West Frontier Roads and twenty lakhs for rural broadcasting.

These schemes left a balance of 2.04 crores, a part of which has been set apart for the civil aviation programme and the transfer of the Pusa Institute to Delhi while the remainder amounting to 75 lakhs has been earmarked as an additional allotment for debt redemption.

The figures for the three financial years may now be examined. According to the budget of 1934-35 the revised figures for 1933-34 were expected to give a surplus of 1.29 crores while the actual figure came to Rs 2.72 crores. The main causes of this improvement were—

- 1 An unusually large number of holders of Government Securities failed to draw their interest.

- 2 Recoveries from commercial departments were larger than expected.

- 3 Forestalling in anticipation of an increase in the salt duty and

- 4 The non realisation of the expectations of a reduction in income tax receipts in the areas affected by the earthquake of 1934.

FINANCIAL YEAR 1934-35

The revised forecast for the year showed a material improvement over the original budget estimates and the surplus came to Rs 3.27 crores instead of 10 lakhs. The revenue improved to the extent of 3.87 crores while the expenditure deteriorated to the extent of Rs 70 lakhs.

The actual figures, excluding railways may be stated as below —

	(in lakhs)	
	Budget	Revised
	1934-35	1934-35
Revenue	87 13	91 00
Expenditure	87 03	87 73
Surplus	10	3 27

The surplus on the revenue side may be explained by the fact that Customs contributed a good deal to improving it, the principal items being —

	(in lakhs)
Sugar	1 38 net
Cotton fabrics	90
Wool and textile fabrics other than silk	80

There were also increases under motor cars, machinery, petrol and kerosene, offset by decreases in the export duty on jute and rice and in the excise duty on matches, the actual figure for the export duty on jute being 340 lakhs as compared with the budget estimate of Rs 350 lakhs. The other item on the revenue side requiring special mention is Interest. In this connection, the head disclosed an increase of Rs 26 lakhs only, which was made up of a considerable reduction of rupee, combined with a somewhat greater increase of sterling receipts. The latter was due to increased sterling balances, while in the case of the former the Government remitted the instalments of interest payment on the loans granted to Bhawalpur State.

The expenditure increased by Rs 70 lakhs mainly because of the allocation to Bengal, Bihar and Orissa and Assam of a larger share of the proceeds of the jute duty than was originally provided for, the revised figures being —

	(in lakhs)
Bengal	140 7
Bihar and Orissa	11 2
Assam	8 5

It was because originally the match excise was expected to be less than the estimate for 1934-35 that the jute producing provinces could not be promised the full amount of assistance originally proposed. The final estimates were accordingly based on the assumption that those provinces would be given only one-third instead of one-half of the total receipts from the export duty on jute. It was however made clear that in case the budget as a whole should turn out better than was then anticipated the Government would be prepared to increase the proportion to one-half. Hence the post-

explained above regarding the increase in the expenditure due to the allocation of the jute export duty.

The position regarding posts and telegraphs may be stated as below —

	(in lakhs)	
	Budget	Revised
	1934-35	1934-35
Gross receipts	70	98
Interest charges	84	84
Balance	-14	14

The year would thus close with a surplus of Rs 14 lakhs as compared with a deficit of Rs 14 lakhs which was originally anticipated. Apparently the Department which, since 1927-28 had been working at a loss, was expected to show a surplus for the year in question, but the Finance Member explained that the position was not so satisfactory as it looked, because the Depreciation Fund was drawn upon to the extent of Rs 27 lakhs.

FINANCIAL YEAR 1935-36

The final position for 1935-36 is as follows —

	(in lakhs)
Revenue	90 19
Expenditure	88 63
Surplus	1 56

Coming to details it may be said that the revenue is 81 lakhs less than the revised estimate for 1934-35. The most important head is Customs, the estimate for which is Rs 51,92 lakhs altogether or an increase of Rs 75 lakhs over the revised estimate for 1934-35. The main variations are a decline of Rs 2 crores in the import duty on sugar together with increases of Rs 35 lakhs on the sugar excise or Rs 65 lakhs on the match excise and of Rs 43 lakhs on kerosene and petrol. The Finance Member did not expect and rightly so that the import duty would remain in 1935-36 at the level of 1934-35 and the increased revenue from the excise duty would not compensate for this decrease. When Indian production reaches its full level, imports of foreign sugar for ordinary consumption would almost disappear. The process might not be completed during 1935-36 and the figures estimated for import revenue and excise yield are Rs 175 lakhs and Rs 150 lakhs respectively.

Under the head Income tax, the improvement estimated was at Rs 57 lakhs, the actual figures being Rs 17,76 lakhs for 1935-36 and Rs 17,25 lakh for 1934-35. Under the head Opium, the estimate was

Rs 61 lakhs as compared with Rs 71 lakhs for 1934-35. The interest head showed a large reduction amounting to Rs 1,29 lakhs.

EXPENDITURE

Expenditure as a whole excluding railways came to Rs 88,69 lakhs, showing an increase of Rs 96 lakhs caused by the restoration of pay cut. Minor increases on new schemes, e.g. the marketing scheme, grants to the handloom and sericultural industries, etc., should also be held responsible for the increase. The defence expenditure shows an increase of Rs 7 lakhs over the original estimate for 1934-35, excluding the pay cut. The budget expenditure, actual or estimated may be compared for the years 1931-32 and onwards and to get a fair basis of comparison, the provision for debt reduction and avoidance is deducted and the figures for Interest, Posts and Telegraphs and Defence are net. The position is then as below —

1931-32	1932-33	1933-34
Actual	Actual	Actual
88 78	80 59	75 97
1934-35	1934-35	1935-36
Budget	Revised	Budget
78 12	78 50	80 06

The lowest year was 1933-34 excluding Rs 2,72 lakhs transferred to the earthquake fund. The estimate for 1935-36 shows a net increase from this level of Rs 4,09 lakhs. Of this, Rs 1,79 lakhs is due to the grant of a share of the jute duty to Bengal, Bihar and Orissa and Assam, Rs 1,30 lakhs is due to the increased provision for bonus or Cash Certificates and Rs 1,08 lakhs represents the cost of restoring the 5 per cent cut.

Regarding gold exports, it may be said that for the 10 months ending on January 31, 1935, the figures were approximately 41 crores as against Rs 42½ crores for the corresponding period of the previous year. The Finance Member in this connection said, "I do not propose to discuss at length the arguments which have been advanced in favour of restricting these exports, but I take this opportunity of saying that I cannot share the views which attribute to them some abstruse monetary significance, nor do I find in them an indication that India is being driven by distress to part with her last reserves. Indeed I can see no sufficient reason for placing them in a different category from exports of any other commodity of which India has a surplus and I, there-

fore, find no cause for regret or alarm in the fact that India is still able to obtain so handsome a profit from the reserves of gold which had been accumulated in previous years." Notwithstanding this argument, it is true that the continued gold exports show that the country is living on its capital which is not a healthy sign.

The surplus of Rs 3,89 lakhs left over from previous years and that of Rs 1,50 lakhs estimated for 1935-36 were proposed to be spent in the following manner. The former being non recurrent could be made available only for non recurring purposes, while the latter represented the maximum limit of sums which could be devoted to tax reduction during the year 1935-36. Thus out of the non recurrent balance of Rs 3,89 lakhs, a sum of rupees one crore was set aside for distribution to the provinces to be spent on schemes for the economic development and improvement of such areas. Out of this one crore about rupees ten to fifteen lakhs is to be earmarked for the development of the co-operative movement and as regards the remaining sum of Rs 85 to 90 lakhs, the same is to be distributed on the basis of rural population subject to the following conditions —

- 1 That the grant should be spent on schemes approved by the Government of India which would improve the economic condition of the people, and

- 2 That it would be devoted only to schemes which the Local Government would not otherwise have been able to undertake in the immediate future. The money need not all be spent, however, immediately or during the year 1935-36.

A special contribution of Rs 40 lakhs was proposed to be made to the Government of India's Reserve in the Road Development Fund, whereas a further sum of Rs 25 lakhs was to be set aside for schemes of development in the North-West Frontier Province. A provision of Rs 20 lakhs was also made for the development of broadcasting. The civil aviation programme was to have Rs 93 lakhs and Rs 36 lakhs was provided for the scheme of transferring the Pusa Institute to Delhi, whereas the surplus of Rs 75 lakhs would go as an additional allotment for the reduction of debt.

The sum of Rs 1,42 lakhs was utilised for providing relief in two directions firstly,

companies in India who drain away Indian money for the benefit of their own countries. These companies should contribute something for allowing them to do business in our country. If they should by law be made to invest certain percentage of their funds for the benefit of Indians it would not be asking too much from them. It is quite possible that the debentures of the land mortgage bank having a government guarantee behind them may draw their attention as an investment.

In India all life insurance companies have under an Act to deposit with the Government Government Securities worth rupees two lakhs. If the deposits are taken in the form of the debentures of the land mortgage bank there would be ample funds available at the service of this kind of bank. The Government would not be losing anything as their loans are sure to find ready investors in any market. Some of the Indian States also take this sort of deposit. If these States make it a rule to accept their deposits in the form of the debentures of their own banks they would surely secure some money for the service of their own people. The Indian States can also retain for profitable use their own money in their own States by accepting the

contractors and other State deposits in the form of their own banks debentures whose capital and interest they may have guaranteed.

One more way to enable the land mortgage bank to secure cheap money will be to ask the village co-operative societies to keep permanently a certain percentage of their reserve funds with the land mortgage bank of their area. It is likely that the village societies may have to fall back upon these funds in times of stress or strain. But it would not be unwise to raise a loan at these times even at a little higher rate instead of calling upon the land mortgage bank for the funds. Thus the people of the area will secure the benefit of low rate long term loans by paying a little higher rate for a short period in cases of emergencies only.

The need of land mortgage banking is realised and a small beginning is made in this direction. But the adoption of the above measures requires the co-operation of the people and the aid of the government. To secure cheap and easy finance is not an easy job. A lot of opposition may have to be met from the vested interests. But what is in the best interest of the country should be done.

Indian Economic Life: Past Trends and Future Prospects—II

By Sir George Schuster, KCSI, KCMG, CBE, MC,

Late Finance Member of the Executive Council of the Viceroy of India

There is obviously not time in a single lecture to deal exhaustively with all that is involved in these issues and as my object is really to throw out suggestions which may stimulate thought perhaps the best course will be for me to suggest briefly in this spirit the main objectives towards which Indian policy should be directed. These objectives may be considered under three heads. First the maintenance and development of export markets for those commodities in the production of which India has special natural advantages. Secondly the raising of the standard of living in India so as to provide new internal demand for the products of her rural population. Thirdly the development

of industrial activities as an important means towards achieving the second objective—namely, the raising of the standard of living.

As to the first of these three main objectives I have already advanced considerations which clearly indicate its great importance and I am concerned now with how it is to be attained. India can count on one special factor to help her in this connection—namely her position as a member of the British Commonwealth of Nations. On the policy and possibilities of developing mutual trade within the Commonwealth and on the advantages which India has already and may in the future expect to derive from these I have spoken and written at length on other

companies in India who drain away Indian money for the benefit of their own countries. These companies should contribute something for allowing them to do business in our country. If they should, by law, be made to invest certain percentage of their funds for the benefit of Indians, it would not be asking too much from them. It is quite possible that the debenture of the land mortgage bank, having a government guarantee behind them, may draw their attention as an investment.

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occasions, so that I do not intend to deal fully with this matter now.*

I am only too well aware as some recent happenings have indicated, that there is still suspicion in some Indian minds on this matter, but this is one of these cases where I am quite convinced that when constitutional changes have taken place and a government of responsible Indian ministers has to handle commercial policy, there will be different outlook on the whole question. There may be differences of opinion as to how this policy of mutual trading between the British countries is to be encouraged and it is quite possible that reciprocal tariff preferences may not be the only or the best method for this purpose, but, from my own knowledge of India's position and from the trade figures already available, I can feel no shadow of doubt that India stands to benefit greatly from any policy which gives her security in the British market, and that in fact she has benefited more than England has from the arrangements already concluded. But even in trade within the British Commonwealth, and still more in trade with other nations with which there are no sentimental or political ties to predispose them to favourable treatment, there are two necessary conditions. First, the principle of reciprocity must be observed that is to say India cannot expect to sell to other countries unless, directly or indirectly, she opens out lets for balancing sales of their own goods. Secondly, what she has to sell must be adapted to their needs, that is to say, they must be the kind of articles which are required, of the right quality, and at the right price. And this necessitates some forethought as to what is to be produced and an intensive effort to maintain production and presentation for marketing at the highest level of efficiency so as to produce the best quality at the cheapest price. I believe that Governments, and especially the Government in a country like India, must take thought and give the lead and impetus in these matters. And this brings me to another of the main points which I want to emphasise to day and which affects the fulfilment of all the three objectives which I have stated. It seems to me that in view of the more restricted and competitive conditions which must be anticipated for the ex-

port trade in the future it has become very necessary to make conscious efforts to secure the existing position and to miss no chances of improving it. Now as any suggestion of this kind bring one into the field of "economic planning" I want to make a digression on that idea. It is an expression which has been much abused and I have noticed recently in some sections of the Press in India a tendency to cast ridicule upon it. That, so it seems to me is a most dangerous tendency. True when the phrase implies ideas that a single Government by its own action, either in the way of monetary policy or public works expenditure or by any other "panacea", can recreate prosperity and offset all those world wide conditions and maladjustments which have brought about the present depression then it must be viewed with scepticism and cautious criticism. It is also necessary to guard against any idea that private enterprise should be relieved of all necessity for exercising its own foresight, and should be encouraged to run to Governments to help it out whenever it gets into difficulties. But it is a very different thing to recognise that Governments in these days have got to accept a far greater responsibility for guiding the economic life of their countries than has ever been necessary before. However much any supporter of old fashioned individualistic ideas may dislike Government interference of any kind he is merely burying his head in the sand like an ostrich if he refuses to recognise the established fact that practically every Government in the world is now in actual practice interfering drastically with the flow of trade. And if these interferences are going on surely it must be the duty of a Government—and again I say especially in a country like India—to keep itself informed and use its information to guide its peoples. Moreover the responsibility of a Government must surely become all the greater when that Government has itself, by the development of irrigation schemes and railway and road transport altered the whole primitive economy of the country and not only stimulated production but encouraged the cultivators to become dependent on growing money crops which they cannot themselves consume. How can the poor, ignorant cultivator in the Provinces of India know what is being done or planned in the great world? Is he to be allowed to go blindly on and find by bitter experience that

* *Vide* especially Special Supplement to *The Economist* November 2nd 1934

he has butted his head into a wall of disaster by growing crops for which his Government might have known all the time that there would be no market? These may sound crude and elementary questions, but they are very near the truth, and if they are put thus clearly there surely can only be one answer. In any case, the Government of India itself, like all other Governments, has been for long deeply involved in measures of artificial interference in trade by its policies of import duties, protection, trade agreements and in many other ways, and if interference has got to be undertaken at all—even though one may dislike it in principle—then it is only common sense to urge that it must be done properly—that it should be guided by foresight and reasoned purpose. And how can that be done unless knowledge is available of all the economic facts—unless the Government has as it were, a survey map of the economic field by which to guide its path? That I have always felt is one of the greatest needs in India to-day and it is a need which is not yet adequately met. We have not sufficient statistical records nor are such records as are available sufficiently interpreted and co-ordinated to provide the Government with what I have described as a map of its own economic country. In the last few years a good deal has been done, in the way of creating a central organisation for economic intelligence and statistics while certain important records such as those of the inland movements of traffic have been restarted. But much more needs to be done, as was well pointed out in the report of two distinguished experts who visited India last year. Moreover if a Government is to give guidance that can only be made effective by the actions of the masses of individuals that comprise the public and this means that knowledge must be disseminated on the main issues and an intelligent public opinion created. There was an interesting discussion on this whole problem at the Eighteenth Indian Economic Conference held at Palna last December and I cannot but agree with Professor Vakil who in his Presidential address after analysing the way in which economic opinion is formed in India maintained that "in proportion to the magnitude and importance of the problem the existing arrangements for leading public opinion in regard to economic policy are wholly inadequate." Professor Vakil went on to emphasise the need for academic workers in

this field, and here again I entirely agree with him. It would be a fine thing if the economists of India could concentrate for a time on such work—on gradually mapping out section by section, the whole Indian field and producing simplified but scientifically based conclusions which will serve to instruct public opinion in India.

But turning once more to the task of the Government in India, I want to go through one or two practical examples to show how it is, in fact, being involved in interference with economic processes to illustrate the sort of knowledge and guidance which is required, and to indicate what sort of action can be taken to satisfy the conditions which I have already mentioned as necessary for the maintenance of Indian export trade.

Let us take the three main articles of export which are surviving with full vigour to-day—Jute, Tea and Cotton.

In the case of Jute, the Bengal Government, anxious to secure a better price for the producers, and taking the view that the price had been unnaturally depressed by a temporarily excessive production has actually taken steps towards a scheme of regulation by voluntary restriction of sowings. This may be the right course—I do not wish to suggest that it is not—but before one can be sure that it is right great knowledge of the possible reactions is necessary. One must ask at which level is it safe to maintain jute prices, so as neither to restrict demand nor to incur the danger of replacement by substitution. Paper sacks are already replacing jute in the cement trade, grain is tending more and more to be carried in bulk, while in America, when cotton prices are low there may be a substitution of cotton bags for many purposes. Is the available machinery for commercial intelligence good enough to give the Bengal Government a reliable answer on all these points? Have any measures been adopted to guard against the risk of the price raising policy going further than was intended, as might be possible if natural causes (bad climatic conditions, etc.) resulted in reducing production in any year simultaneously with man's artificial efforts at restriction? Speculators would exploit such an occasion with no regard for the ultimate interests of the growers. Surely all this illustrates the need for a careful well informed plan if any plan of artificial interference is to be adopted.

Next let us turn to Tea. Here an international plan for regulating exports has actually been inaugurated. In this case the plan was organised by private enterprise but it could not have been put into effective action without the co-operation of the Government of India so that Government was inevitably drawn in to take the responsibility of either making or wrecking the scheme. The first results indicated success in raising prices but two things must be observed—First it would have been much more difficult and dangerous for India to adopt this course if it had not been for her assured preferential position in the British market which absorbs nearly 90 per cent of her tea exports. Secondly if co-operation is not maintained or if growers outside the scheme increase production new problems will arise which may require Government action. In any case this is already an example of artificial regulation or planning and strengthens my point that Governments are increasing responsibilities in the economic field and that if there has thus got to be Government interference it is vital that it should be regulated properly by adequate knowledge and far-sighted purpose.

Lastly let us consider Cotton. This is a very interesting case both as illustrating the need for a constructive policy in order to maintain India's position and as an example of such a constructive policy actually being carried out. India's position is being affected by certain natural long-range developments in the rest of the world while new complications and problems may soon develop as a result of artificial emergency measures taken in other countries to counter the present economic depression. As to the former it is I think a fairly true broad generalisation to say that the position of Indian cotton in the world's markets has in the past largely depended on price. It found buyers in spite of the very short staple or the bulk of the crop mainly because it was the cheapest kind of cotton. But with the intensive development of the world cotton industry of the last decade there has been a clear tendency for India's chief customers to turn to the longer staples produced elsewhere and marketed under conditions affording the spinner better guarantees of quality, regularity of supply, and uniformity of type. Japan which has provided by far the largest single market for India cotton affords a good illustration of this

for her recent extensions of manufacture have been built up on American and Egyptian cottons rather than on Indian. It is well known of course that Japan used the boycott of Indian cotton as a weapon in the recent trade negotiations and although the boycott has now been withdrawn and a trade agreement concluded that agreement has only till 1937 to run and it is fairly obvious that in the interval Japan will be preparing to detach herself more and more from dependence on Indian cotton so that she may be able once more to use her power to dispense with importing it as a lever to obtain concessions for her manufactured goods in the Indian market. It would be unreasonable to complain of Japan seeking a reciprocal basis for her trade but on the other hand India does not want to be at her mercy, and this incident combined with the general tendency which I have described makes it necessary for India to endeavour to place her position as a cotton exporter on a broader foundation. This involves two requirements—first to increase the proportion of Indian cotton which is of a sufficiently high quality both in length of staple and uniformity to compete with the cotton produced in America and Africa and secondly to develop new demands for her shorter staple varieties. The Government of India has long been alive to these problems and in 1921 set up the Indian Central Cotton Committee to tackle them. That has proved itself to be a most efficient body and has given an admirable illustration of what can be done by Government and private enterprise working in combination. But good as the work of the Cotton Committee has been recent developments seem to indicate the need of still more intensive efforts while the Committee has of necessity been limited in its power to meet the second of the two requirements which I have stated—namely, to develop a new industrial demand for the shorter staple Indian cotton. Now there has occurred recently in this field a most interesting development to which I do not believe full weight has yet been given by Indian opinion. As a sequel to the discussions at the Ottawa Conference on the development of trade between the nations of the British Commonwealth and in the spirit of these discussions a Committee representative of the cotton industry in Lancashire was set up to consider what could be done to increase the

British consumption of Indian cotton. That Committee has been working intensively on both the requirements which I have mentioned. It has appointed a Commissioner—a man of great practical experience—to reside in India whose task is to work in close co-operation with the Indian Central Cotton Committee and the Agricultural Departments in the Provinces in order to assist in the production and preparation for the market of more and more of the types of cotton which Lancashire can normally use. But at the same time it has conducted a very thorough programme of research and experiment at scientific institutes in Lancashire—for which there is no parallel else where in the world—in order to evolve methods for utilising the shorter staple cotton which Lancashire has hitherto been unable to use and which must still remain a very large part of the Indian crop. This scientific work has been accompanied by an organised campaign of publicity and propaganda for Indian cotton among the mills and I know that those responsible for this work have been surprised at the results. In fact they see now such wide possibilities of new openings for Indian cotton that—even though they are very cautious men—they would not put any definite limit on the extent to which the demand might grow. I commend to the attention of all who are concerned with India's economic development an intensely interesting report—the First Annual Report up to December 31st 1934 published by the Lancashire Indian Cotton Committee. And there is one particular point that I want to emphasise. All this scientific research work which is being done in Lancashire, covering qualities hitherto unsuspected in Indian cotton, may be of immense benefit to India, not merely as affording an increasing outlet in the British market but as strengthening its position in other markets also. India stands to gain incalculably from having the resources and experience of British industry mobilised in her interests.

It seems to me that this treatment of the cotton position which I have described indicates exactly how problems of this kind ought to be handled. There is evidence of foresight for the future, of a lead given by Governments of combination between Governments and the representatives of private enterprise working for a public purpose and lastly, and perhaps most important

of all, of co-operation between an Indian and a British organisation in a joint effort to develop mutual trading to the advantage of both countries inspired by the ideals of common membership in a great Commonwealth of Nations but recognising that economic transactions must be based on mutual economic advantage and cannot live merely on sentiment. On this last point I should like to quote a passage from the Committee's report, which seems to me to put the whole question of mutual advantage in exactly the right spirit.

'The Committee suggests that it would be a mistake for any part of the Empire to press the arguments about reciprocity to an extreme or to apply the policy from day to day with too rigid a measure. If each partner is to insist upon measuring the advantages exchanged with another partner at the moment of exchange and to refuse ever to allow what one may appear to be giving to exceed on a narrow statistical basis what the other is giving, the consequence will be that the minimum instead of the maximum benefit will be derived. The policy will only operate to the real benefit of the countries concerned if there is both trust and tolerance as between the partners.'

I am afraid I am dealing rather at length with cotton but I have not quite finished what I have got to say, for there is another aspect of the matter which deserves serious consideration. Cotton suffered a slump in prices after 1929 together with all primary products. Recently there has been an upward movement towards something like a reasonable price for the Indian producer. What are the underlying factors in this position? Leaving out of account the purely temporary conditions created by the comparative failure of the Indian cotton crop this season I think it is fair to say that any improvement in the general condition which has occurred since the worst point of the depression has been very largely dependent on the price raising and crop restriction policy of the United States. The U.S.A. Government have for the last season artificially cut down their production to 9½ million bales as compared with a normal average production of 15 millions and their cotton growers are being compensated for this drastic restriction at the cost of the general taxpayer. But the taxpayer is beginning to grumble and the cotton grower is following suit because he fears that while

America is holding the umbrella over the rest of the world other countries are increasing their production and America is being frozen out of her export markets. What is going to happen if America suddenly abandons restriction and an extra 6 million bales are thrown on the world's markets at sacrificial prices? President Roosevelt has recently announced that his Government is working out a plan for an international scheme for regulating cotton production and will in due course approach the other producing countries. What will be India's attitude if this happens? Whether the answer to an approach for co-operation be yes or no the issue involved and the responsibility which will fall on the Government will be most serious. If the answer should be yes what should be the conditions and counter considerations asked for by India? If it is to no what are likely to be the results and how can the cultivators be protected? Whatever is done the reactions on agriculture may be wide and important and will spread beyond the field of cotton alone. This is yet another reinforcement of the plea of which I have already made so much. These issues cannot be handled without wide knowledge and a well thought out plan based on such knowledge.

The examples which I have given affect the maintenance of existing lines of trade but the need for foresight and guidance must be still greater if new openings are to be developed. How is this to be done? In answering this question I am content to take my stand on what is being done in the case of cotton. If similar efforts were being made in the case of all India's other main staple products one could feel satisfied that the right course was being followed. But they must be prosecuted with intense energy. I believe that the form of organisation should be based on a combination of the Government and representatives of private enterprise and I believe in particular that India stands to gain enormously from co-operation with British industry as the standard consumer of most of her products.

But co-operation of this kind must always be broadly reciprocal—in the spirit of the quotation which I have given from the Lancashire Cotton Committee's Report—and this leads me to say something on another point which I have already made, namely that the maintenance and development of

India's export trade will depend on the extent to which India can create purchasing power in other countries for her own special products by herself absorbing goods from these other countries. I want in this connection and also in connection with what I have to say about India's own industrial development to guard against the suspicions of those who fear exploitation of Indian markets by foreign manufacturers of goods which India can make herself. I do not mean to suggest anything of the kind. In all those main lines of manufactures for which India is specially suited like cotton piece goods and iron and steel manufactures, sugar and a great number of other lines India is already well set on a course of developing her own production from which there can be no turning back. But there are certain more elaborate forms of industrial products for which the Indian market alone will not give an economic foundation for independent manufactures and for which India will not for a long time to come have the necessary skilled labour and technique. I have already given figures to show that India's imports of manufactured goods other than iron and steel products and cotton piece goods were even in the depressing conditions of 1933 more than double what they were before the war so that here is a healthily expanding demand.

Moreover one must always remember that civilisation is constantly developing new needs and I am certainly not one of those who think that with a stabilised population the world is necessarily approaching a completely static economy. In other countries there has been an enormous shifting of the balance of importance of various branches of industry and a huge new demand for motor cars, telephones, wireless machines, gramophones, cinema films, refrigerators, air conditioning plants, etc. have been developed in a single generation. I believe that India also may with improving standards of life develop new demands for some of these articles and can offer a vast market for goods which she cannot herself at least for a long time to come manufacture on an economic basis.

But although I visualise all these possibilities of a continuance and development of India's foreign trade I should be the last to suggest that this is all that is required in the way of an economic policy. And

this brings me to the second and third objectives which I stated—namely the raising of the standard of living in India and the development of industrial activities. All those who have studied Indian agriculture are impressed by the fact that present methods are capable of great improvement and that production could be considerably increased. And yet, in present conditions, any idea of increasing production is at once confronted with the obvious difficulty of finding markets. Although I have just been arguing against an unduly pessimistic attitude as regards prospects of exports provided that an intensive effort is made to maintain the position nevertheless I have also emphasised the difficulties in the way of great expansion. For many of India's products an adequate outlet for her full potential production can only be found by increasing her own consumption and this must apply particularly to standard food stuffs. Wheat is a clear case. Unless present world conditions alter very materially there would seem to be little chance for India getting back into the export market for wheat. And yet as I have already pointed out India's wheat production is likely to increase. If it is to be absorbed Indian consumption must be increased that is to say the Indian standard of living raised. Or to take another case if there is one activity in the Indian countryside which is capable of immense improvement it is animal husbandry. The production of milk for example could be enormously increased and raised in quality but this will be useless without a corresponding increase in Indian consumption. That in itself would be a splendid thing for the physique and health of the people. I need not go on multiplying instances, for I do not believe that any one can deny the need for a greater production and consumption by the Indian people of their own products. But while it is easy to state the need and become enthusiastic about the vision of its accomplishment it is much more difficult to suggest the practical means by which that accomplishment can be realised. And yet one must guard against exaggerating the difficulties. After all what is involved is no more than a process of exchange. Every seller becomes *ipso facto* a potential buyer. If A produces more milk and B produces more grain their positions fit in together for A and his cows can consume more of B's grain while B

and his family can in exchange consume more of A's milk and ghee or butter. What is needed is somehow or other to get the rural masses of India out of the rut of their present low standards. This cannot be done merely by centralised Government action. India is far too large. It cannot be done without a great combined effort throughout India and the first thing is to convince public opinion of the need and get all those who have any influence in the villages—landlord, district councils, municipalities, universities, etc. to work upon it. Mass psychology needs to be moved on this matter. It is for Governments to do all that they can to stimulate such a movement and evoke forces which they will then be able to guide. I have been very glad in this connection to see that it has been possible in the budgetary programme recently announced to find funds to finance certain plans for rural development which we had been trying to stimulate for some time.

Lastly, I come to the development of industry as a means for increasing the national income and raising the standards of living. As to this I have in earlier passages spoken—with what may perhaps appear to Indian opinion over emphasis—on the limitations of this method and I do not think it to be of vital importance to realise that whatever can be done the vast masses of the Indian population must be based on a rural economy and that no conceivable degree of industrialisation can alter this within any period that can be foreseen. I think it further of vital importance to guard against carrying a mere negative policy of self sufficiency to extremes. The key question is whether if India were by becoming self supporting industrially to eliminate her own export trade by destroying the purchasing power of her present customers she would be able to give an adequate substitute in industrial employment for the agricultural employment that would be lost. This is the question which must be tested out. I have already given figures which seem to suggest strongly that the substitution would be found to be inadequate and that though some might be financially better off the great mass would be left much worse off. My own view is further that in terms of human happiness all would be worse off. But I am only talking of carrying such a policy *to extremes and in a negative manner*. If the policy in its scope

ALPINDIX I

INDIAN IMPOITS BY MAIN CLASSIS

	1926		1930		1937		1940		1945		1950		1955		1960		1965		1970	
	Rs in lakhs	%	Rs in lakhs	%	Rs in lakhs	%	Rs in lakhs	%	Rs in lakhs	%	Rs in lakhs	%	Rs in lakhs	%	Rs in lakhs	%	Rs in lakhs	%	Rs in lakhs	%
IMPORTS																				
I Food and drink	1 70	12 0	3 385	11 5	3 480	10 5	5 604	11 0	7 070	10 0	8 404	16 0	21 59	15 0	37 82	15 0	12 21	10 5		
II Raw materials	2 0	2 0	1 182	4	1 685	4 5	3 010	6 0	5 60	8 0	3 990	7 5	10 08	7 0	19 01	7 5	17 02	13 5		
III Manufactures	1 10	80 0	4 014	84 5	9 883	80 0	41 694	83 0	66 362	82 0	38 458	76 5	111 79	76 5	10 56	76 0	85 20	74 0		
IV Miscellaneous	5 576	39 0	3 681	32 0	8 32	25 0	11 418	22 0	92 319	3 0	15 100	30 0	48 48	33 0	100 41	39 0	60 56	52 5		
Total Imports	14 104	—	29 599	—	33 348	—	50 308	—	69 034	—	50 582	—	145 81	—	94 04	—	115 32	—		
Exports																				
I Food and drink	—	—	563	556	—	—	1 611	—	3 400	—	3 770	—	13 17	—	10 09	—	2 71	—		
II Raw materials	—	—	—	—	—	—	529	—	2 034	—	2 55	—	3 05	—	8 28	—	6 75	—		
III Manufactures	—	—	—	—	—	—	195	—	185	—	407	—	1 03	—	2 01	—	3 55	—		
IV Miscellaneous	—	—	13 810	19 045	—	—	26 610	—	31 010	—	19 890	—	52 18	—	71 15	—	17 74	—		
Total Exports	—	—	13 810	19 045	—	—	26 610	—	31 010	—	19 890	—	52 18	—	71 15	—	17 74	—		
Balance of Trade	—	—	15 780	2 714	—	—	23 698	—	38 044	—	30 692	—	93 63	—	23 89	—	97 58	—		
Imports less Exports	—	—	15 780	2 714	—	—	23 698	—	38 044	—	30 692	—	93 63	—	23 89	—	97 58	—		
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Imports less Exports	—	—	15 780	2 714	—	—	23 698	—	38 044	—	30 692	—	93 63	—	23 89	—	97 58	—		
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Imports less Exports	—	—	15 780	2 714	—	—	23 698	—	38 044	—	30 692	—	93 63	—	23 89	—	97 58	—		
Imports less Exports	—	—	15 780	2 714	—	—	23 698	—	38 044	—	30 692	—	93 63	—	23 89	—	97 58	—		
Imports less Exports	—	—	15 780	2 714	—	—	23 698	—	38 044	—	30 692	—	93 63	—	23 89	—	97 58	—		
Imports less Exports	—	—	15 780	2 714	—	—	23 698	—	38 044	—	30 692	—	93 63	—	23 89	—	97 58	—		
Imports less Exports	—	—	15 780	2 714	—	—	23 698	—	38 044	—	30 692	—	93 63	—	23 89	—	97 58	—		
Imports less Exports	—	—	15 780	2 714	—	—	23 698	—	38 044	—	30 692	—	93 63	—	23 89	—	97 58	—		
Imports less Exports	—	—	15 780	2 714	—	—	23 698	—	38 044	—	30 692	—	93 63	—	23 89	—	97 58	—		
Imports less Exports	—	—	15 780	2 714	—	—	23 698	—	38 044	—	30 692	—	93 63	—	23 89	—	97 58	—		
Imports less Exports	—	—	15 780	2 714	—	—	23 698	—	38 044	—	30 692	—	93 63	—	23 89	—	97 58			

been struck by blight which they at least could not anticipate, can fail to be affected by their misfortunes. The masses on one side or the other whose fates depend on these events have no understanding of what is happening, nor any desire to injure each other. I firmly believe that there is still room for mutual trading to the advantage of both sides. The mistakes and misjudgments of the past cannot be undone and great readjustments particularly on this side are now necessary. But I feel certain that if political jealousies or short sighted policies of mere money making for the few are not allowed too great an influence in the directing of policy, there is a hopeful future and that Britain and India stand to gain by mutual co-operation. If—to quote once more from Francis Bacon—I have served in anything that I have said to ring the bell to call the wits together for a practical consideration of these issues I shall have succeeded in my object.

Notes on Tables in Appendix I—The 2 Tables are not of course prepared on a proper basis for indicating scientifically measured trends. They purport merely to compare sample year and periods so as to show the sort of fluctuations which have occurred in the relative importance of various leading items of import and export. The figures have been taken the earlier years from the Statistical Abstracts and, since 1909 from the Annual Review of Trade for 1933-34. The earlier figures suffer from changes in the methods of recording the figures being given in Tens of Rupee in certain years and in £ sterling in others. In the earlier periods when the rupee stood at 2s Tens of Rupees were equivalent to £ sterling and Rs 1 crore to £1 million and therefore the figures are comparable but the reversions to £ sterling in 1900 must be borne

in mind in running the eye across the tables while in considering sterling equivalents the fluctuations in the exchange value of the rupee since then must be remembered. The main purpose of the Tables however is to show changes in the relative importance of various heads and the percentage figures are not of course affected by these variations.

Some interesting points are brought out in the Tables. On the export side there are special variations such as the great rise in the value of cotton exports at the time of the American Civil War. It is also possible to follow clearly the disappearance from importance of opium and indigo, the big fluctuations as regards wheat and rice, the developing of the jute trade and the rise to importance of seeds and tea. Perhaps the most interesting feature however is the rise in the importance of exports of manufactures—other than opium and cotton manufactures which fell off for special reasons. The "others" have grown from 4 per cent of the total exports to over 25 per cent.

On the import side the general tendencies are also clearly brought out. In this case also the course of manufactures is the most interesting feature. Here the relative importance of the total has gone down but only because India's imports of cotton piece goods and iron and steel have diminished as a result of the development of her own industries. Apart from these two heads, imports of manufactures have greatly increased, and risen from 25-30 per cent of the total to 52 per cent.

Thus according to this calculation our population is likely to fall by more than a quarter in little more than 40 years from now and indeed, the population under 45 by more than a half. Indeed only a decided and early reversal of the present trend towards smaller families can prevent a very substantial decline.

This phenomenon is by no means peculiar to Great Britain. While the fall of the birth rate has gone somewhat further in Great Britain and the net reproduction rate has sunk somewhat lower than perhaps in any other country, the position is broadly the same throughout practically the whole of Western civilization.

APPENDIX II

Estimated Future Population of Great Britain
(in hundreds)

(in hundreds)

Ages	1931	1936	1941	1946	1951	1956	1966	1976
0-15	10 840.6	10 067.1	8 791.3	7 610.7	6 611.2	5 917.9	5 048.0	4 106.1
15-45	21 050.6	21 356.5	21 633.0	21 214.4	20 194.4	18 693.8	15 761.4	11 900.0
45-65	9 730.0	10 080.7	10 88.9	10 550.4	11 061.3	11 688.0	11 953.0	10 914.0
65+	3 210.3	3 639.8	4 176.6	4 507.6	4 700.0	4 893.9	5 259.1	5 739.0
Total	44 833.5	45 144.1	44 829.8	43 890.1	42 671.6	41 193.6	37 517.7	32 711.9

The Background of the Shipping Subsidy.

Britain's Mercantile Fleet.

London—Great Britain is rightly described as a maritime nation, a description which can be faithfully applied even in these days of economic nationalism. True, the proportion of this country's working population which is actually employed in the mercantile marine is little more than one per cent, while even if dock labourers and fishermen be included it is still less than three per cent. Yet these proportions are doubtless higher than in most other countries, and the importance of the shipping industry, penetrating as it does into many ancillary trades, is far greater than these figures by themselves would suggest. It is, nevertheless, evident that relatively few people are made directly aware of the structure and recent experience of the industry, still fewer of the circumstances which have resulted in measures of Government assistance. Hence this attempt to outline the position very briefly for the lay reader, relying mainly on statistics published by the Chamber of Shipping of the United Kingdom and the Liverpool Steam Ship Owners Association. Quite apart from recent legislation, which involves a charge on the country's taxable capacity, all of us are concerned in the welfare of shipping through our reliance on the contribution of shipping services to our balance of international payments—a contribution which exceeds that of any export industry. Last year invisible exports in the form of our net shipping services to foreigners were estimated at £70 millions, an increase of £5 millions on 1933. Unhappily, the figure is far lower than it used to be. In pre-war years it exceeded £90 millions, while as recently as 1929 it reached £130 millions, only to fall in swift decline to the low level of 1933. The movement obviously calls for explanation.

The tonnage of Britain's mercantile fleet shows, as the net outcome of considerable variation during the past twenty years, a moderate shrinkage, but a substantial improvement in quality and effectiveness. Thus in June 1914 the United Kingdom owned 9,200 vessels, aggregating 19.3 million gross tons, while for 1934 the aggregate gross tonnage was approximately 17.6 millions, though now accounted for by 7,100 ships. During the intervening years gross tonnage fell as low as 16½ millions in 1919 as a

consequence of war losses and rose to nearly 20½ millions in 1930, since when considerable quantities have been scrapped or sold for operation by foreign owners. At present Great Britain's mercantile fleet, judged by age and speed, is superior to that of any other country. Yet of the total tonnage no less than 1.4 millions, or eight per cent, is laid up in British ports, and considerably higher figures were ruling two years ago. Again, the percentage of unemployment among workers in the shipping service, which stood at 15.5 in 1929, was more than doubled during the ensuing three years and still stands as high as 31.7. The census for seamen alone records an uninterrupted decline in employment since 1931.

The trend of carrying charges provides a clue to the explanation of this high proportion of idleness among ships and men, and the following table shows the movements during the past few years—

Index numbers

Yearly average	(1920=100)		(1929=100)
	Freights	Time charter	Quantum of world trade*
1919	24.9	24.7	100.0
1920	19.1	17.7	92.8
1931	19.9	14.2	85.1
1932	18.8	13.3	73.0
1933	18.1	14.5	74.8
1934	18.9	14.6	73.6†
for 1935	19.0	15.9	
1935	18.6	13.1	

* League of Nations estimates based upon statistics of area modified by changes in price levels.

† Average for first three quarters.

The downward movement in freights began with a steep fall in 1921, when the index reached an average of 36.3 for time charter and 37.6 for freights. From these low levels there was a persistent decline, leading, after a slight recovery in 1926-27 to the position depicted in the table—a position in which while rates are below the pre-war level, costs in the form of wages and other outgoings are higher. By the side of the indexes has been set a column

of figures representing the volume of world trade as a whole and it will be seen that the reduction in the movement of goods though considerable, was by no means sufficient to account for the decrease in earning capacity.

Principal among the other forces pressing down the level of earnings has been the marked expansion in the mercantile fleets of the world. In brief, the available gross tonnage increased from less than 50 millions in pre war years to nearly 62 millions by 1921, and was carried forward even after the break in freight rates to reach a maximum of 70 millions in 1931. The following table shows the outstanding movements in the tonnage owned by various countries, and it will be observed that Britain's proportion of the world's shipping has fallen since 1914 from 39 to 27½ per cent notwithstanding new construction and a higher standard of efficiency. The relative position is reflected also in the larger proportion of foreign shipping included in the tonnage entered and cleared at British ports.

A large part of post war shipbuilding throughout the world was undertaken with the assistance of governments while the fleets swollen in this manner were supported by various forms of subsidy direct and indirect. Ultimately a greatly enlarged world carrying capacity was faced with a marked shrinkage in the volume of trade competition was pressed to the furthest limits of severity and freight rates fell swiftly. Thus subsidies to shipping whether appearing as such in public accounts or not became a costly item in the budgets of a number of

countries. It has been estimated that by the end of 1933 more than £1,000 millions had been expended by various governments in a vain endeavour to obtain larger shares in the activity of a world tonnage far in excess of the needs of the time.

Of this widespread, unequal competition British shipping was the unprotected victim. True, the Trade Facilities Acts had stimulated construction in early post war years but apart from this very limited help no official assistance whether in the form of subsidy or otherwise was until recently available. The shipowners of this country with their higher standards of cost and seaworthiness were left to struggle as best they could against the heavily subsidized mercantile fleets of other countries. The effect upon British shipping was disastrous, receipts declined rapidly, and the earnings of a large proportion of companies proved insufficient even to cover depreciation. In 1934 for example, the reports of forty five cargo boat companies showed net profits, before charging depreciation which in the aggregate yielded less than one half of one per cent on their capital and reserves while if depreciation had been calculated at five per cent there would have been a net loss of more than £1 million. The volume of idle shipping rose to high figures not only in Great Britain but also in other countries. At the beginning of 1929 the quantity of British shipping laid up in home ports was 312 000 net tons, by the end of 1932 it had exceeded 2 000 000 net tons, but since then a reduction has taken place to 865 000 tons. The movements in the aggregate of the

	1914		1931		1934	
	000 gross tons	% of world tonnage	000 gross tons	% of world tonnage	000 gross tons	% of world tonnage
Great Britain Empire	19,207 1'88	39.23 3.61	20,303 3.077	28.90 4.39	17,630 2.977	27.40 4.64
U.S.A. (sea and lakes)	21,040	40.87	23,380	33.34	20,607	32.01
France	5,368	10.32	13,642	19.40	12,303	19.11
Germany	2,319	4.40	3,566	5.08	3,260	5.07
Italy	5,450	11.12	4,000	6.07	3,680	5.72
Japan	1,668	3.40	3,336	4.76	2,875	4.47
Norway	1,008	2.48	4,006	6.10	4,073	6.33
	9,500	5.10		5.80	3,980	6.18
World total	49,090	100.00	70,131	100.00	64,353	100.00

world's idle tonnage would appear to have been similar.

The recent reduction in laid up tonnage is the consequence mainly of sales for breaking up and to this extent represents scrapping of surplus ships. So far as Great Britain is concerned the figures show considerable improvement more especially since most of the tonnage laid up in British ports consists of relatively old ships. Nevertheless the fact that the fall in idle British tonnage is attributable in part to sales to foreign owners modifies any optimistic conclusion which might be drawn from the figures.

These then in the briefest outline were the circumstances leading to the Government's decision towards the end of 1933 to provide some measure of direct assistance to the mercantile marine. Government activity in other fields has already taken effect upon shipping—one company has stated that freightage to an amount of £500,000 will be lost to it during the next two years in consequence of import regulations announced up to July 1934. On the other hand the trade agreements of recent years have operated to restore some part of the diminished outward carriage particularly through enlargement of coal exports while the numerous quotas, preferences and special trade arrangements which now characterise world commerce have made trade more round about and have thus tended to increase the demand for tonnage. The new measures which took more than a year to reach final form are designed mainly to assist that part of shipping which has suffered most acutely—the tramp section. Broadly one quarter of British tonnage may be held as falling within the definition of tramp shipping that is ocean going cargo vessels not employed in maintaining regular services.

The scheme of Government assistance is embodied in the British Shipping (Assistance) Act which became law in February last. It is divided into two parts one of which relates to the granting of a temporary subsidy chiefly to tramp shipping and the other to facilities for financing further modernisation of the mercantile marine. As to the first part of the plan the subsidy is limited to £2 millions to be distributed in respect of the year 1935 if however freights should rise above 92 per cent of the average level for 1929 the amount payable would be correspondingly reduced. At present freights are far below the 1929 level.

The subsidy is to be distributed among owners on a ton day basis for each quarter of the year the amount fixed for distribution will be divided among owners in proportion to the relative activity of their vessels. Thus the greater the volume of a shipowner's actual business the greater his share of the subsidy. The administration is entrusted largely to a committee appointed by the Board of Trade and consisting mainly of owner. The scheme has been subject to a good deal of criticism particularly on the ground that the subsidy is too small but in general it would be true to say that shipowners have welcomed official acceptance of the principle of Government assistance.

The reception accorded to the scrap and build provisions has been less favourable notwithstanding that the force of criticism led to considerable modification of the original proposals. Under the Act the Government is prepared to make long term advances during the two years from March 18 not exceeding £10,000,000 in all to finance the construction of new ships and modernisation of existing shipping but owners thus assisted are required to scrap two tons for every ton of new shipping built and one ton for every ton modernised. Thus the double effect of the advances is intended to be a net improvement in quality and a net reduction in quantity of available British shipping. The rate of interest on such advances to be secured by a first mortgage on the vessel built or modernised is not to exceed three per cent per annum and the loans must be repayable within a period of not more than twelve years. According to an official estimate the amount thus provided would finance the building of 150 to 200 new cargo vessels—perhaps about one sixth of the existing tramp fleet but the extent to which shipowners will avail themselves of these facilities is difficult to determine while if they do the possible repercussions on the fortunes of the industry are by no means clear. The President of the Chamber of Shipping is sceptical and drawing on the experience of the industry after the passing of the Trade Facilities Act in 1921 said recently 'I trust that for the health of British shipping [the scheme] will become a dead letter.'

To return to the subsidy proper the President of the Board of Trade in announcing the Government's intention to

assist the tramp shipping industry, laid down requirements designed to improve its internal condition and to restore a firmer foundation for international competition. Accordingly a Tramp Shipping Administrative Committee has been set up charged with the duty of promoting joint action among shipowners with a view to maintaining and improving freights minimising domestic competition with cargo liners and co-operating where possible with other organizations. Already the efforts of this body have met with some success. The Committee was instrumental in securing the establishment of the schedules of minimum freights now operative in the River Plate homeward and the St. Lawrence trades and just instituted in the Australian homeward and Australian far eastern trades.

Meanwhile some preliminary work has been done in the direction of securing international co-operation with the object of bringing the supply of tonnage into closer harmony with demand. An international shipping conference at which the principal maritime nations were represented met in London early this year and a draft scheme was prepared for submission to the shipowners' associations in each country. Details of the proposals are not available but they are reported to provide that owners of laid up shipping should be indemnified against loss by a charge on all freight receipts. If this is so the plan would broadly resemble the international tanker pool which was introduced nearly a year ago in order to raise to a remunerative level the freights obtained for transport of oil. This scheme which includes a levy on freight receipts out

of which owners of idle tankers are recompensed is reported to have worked to the common benefit of tanker owners. One of the principal aims of Government assistance however, is the removal of at least substantial modification of the more or less long standing subsidy arrangements of foreign governments, and this is a problem to which the direct contribution of shipowners themselves seems unlikely to be very substantial or powerful.

On the whole then the outlook for shipping remains obscure. The measures taken to promote revival in the British industry when compared with the extent of assistance rendered by the Government to other sides of economic activity, or restrained and guarded. Yet it may well prove that they will be none the less effective. In spite of more than a decade of almost unrelieved depression accentuated by the pressure of unequal international competition the shipping industry of Great Britain is still by far the most important in the world and possesses an unrivalled equipment of ships and men. The working of the subsidy is such as to require co-operation in an industry hitherto intensely individualistic, but perhaps the most powerful of all its consequences may be the tonic effect of a definite and practicable scheme for helping an industry left for many years to the buffeting of all the wind that blow. Action has not come too soon for of Great Britain no less than the country to which the statement was originally applied it is true to say whose ships except they stir, the people starve.

World production in 1934-35 has been very small. The decline has been principally in the countries that have normally the largest outputs on the one hand and deficits on the other—India, Japan and very possibly China. The importing countries of the second order—British Malaya, Ceylon and the Netherlands East Indies—also appear to have had small crop. On the other hand the principal exporting countries except for Taiwan have had crops not above average and in the case of Burma and probably China well below the average. In the first months of the commercial season demand has been very active and exports

from Burma, French Indo-China and Siam have been large. Burma will as last year, profit by the shortage in India. Japan will at any rate be able to absorb a large part of its heavy carryover. While rising prices may to some extent act as a check on consumption demand is likely to be active and general in the other importing countries during the coming months and not only the surplus of Burma after India's demands have been satisfied but the surpluses of Siam and French Indo-China should be marketed without difficulty. Prices are likely to maintain an upward tendency.

Unemployed Young.

Discussion in Geneva

Geneva—Among the questions discussed at the International Labour Conference now in session at Geneva was the one relating to the unemployment prevailing among young persons. It may in this connection be worth while to note that about one fourth of the total number of unemployed throughout the world consists of young persons under 25 years of age. This was the conclusion reached by the I.L.O. after an examination of the best available statistics in each country in a report prepared for the International Labour Conference which opened at Geneva on 4th June 1935.

The situation of these young people is a particularly tragic one because prolonged idleness at the formative age leads pre-eminently to demoralisation and may prevent the victims from ever settling down to regular work in the occupation for which they are most fitted. It was considerations of this kind which led the Governing Body of the I.L.O. to put the question of unemployment among young people on the agenda of the Conference with a view to making recommendations to Governments. The proposal which the Conference had before it do not touch the general economic and social measures which concern unemployment as a whole but only such measures as are particularly applicable to young people.

One of the most important measures suggested is the raising of the minimum school leaving age to 15. This is already the age in a number of countries and it is felt that unemployment offers a powerful argument to supplement the purely educational reasons for increasing the age elsewhere. Other suggestions are that juveniles after leaving school should attend continuation classes up to the age of 18 and that

young adults from 18 to 25 should be given vocational training wherever possible. Special attention is directed to the needs of pupils leaving the secondary schools and universities.

Since however a portion of the unemployed would still be left outside the above projects if only because training schemes are limited to the opportunities for employment the report of the I.L.O. suggests that occupational and recreational centres should be set up. In many countries special employment centres have been established in which some kind of public work is combined with education. In order to obviate the possibility that the tasks performed in such centres might compete with those of workers in normal employment it is urged that measures be taken to avoid this danger.

Emphasis is also laid on the importance of special juvenile employment exchanges, working in conjunction with vocational dance institutions and on the promotion of mobility of labour within the different countries. It is also suggested that hours of work might be reduced in occupations in which young persons are engaged.

Finally a recommendation is made to the effect that statistics of unemployment among young persons should be improved for unless the extent of the problem is accurately known adequate steps can hardly be taken to solve it.

The report recently issued by the I.L.O. contains information on the practical measures actually adopted throughout the world and concludes with the text of the recommendation which the International Labour Conference is to discuss at its session.

While it is satisfactory to learn that the United States is awakening to the fact that a policy of isolation has its drawbacks, the authorities there seem utterly incapable of perceiving the effect which their policies pursued over a period of many years have had upon all the nations of the world. Indeed the United States quite apart from

its question of callousness has shown such an imperfect grasp of the world's problems that while fully admitting the great economic power of America London is slow to take her proposals very seriously when they are concerned with currency and finance —
— *H. Kiddy of the London Morning Post*

Economics in the West.

Gold-Mining and World Recovery

London May 31st 1935—Among industries of substantial importance in world economy the business of producing gold is probably unique in having enjoyed a degree of prosperity heightened by the world crisis. The reason for this experience is simple—So long as there exists at least one country on a full gold standard an essential condition of which is freedom to buy gold from or sell gold to the central institution at a fixed price there is literally an unlimited demand for the commodity at that price. In other words not only is a minimum price for the product of the industry guaranteed but there is besides no limit to the amount the market will take. Added to this the effective minimum price translated into terms of the producing countries' currencies has risen substantially in recent years without a corresponding rise in costs in consequence of widespread departure from the gold standard. Happily prosperity in any one industry cannot fail to contribute to recovery in others and in this respect gold producing is not exceptional. We propose here to describe briefly the contribution of the gold industry to general recovery from the world depression and further to consider what contribution it can make to the maintenance in the long run of world wide prosperity. Gold unlike other primary products is not used—the fact that world stocks pile up and up need not be taken as evidence of what commentators on the commodity markets choose to call statistical weakness. True all the gold produced in the world since A.D. 1000 would now make a cube with edges less than forty feet long but the cube has more than doubled in the present century yet no one is disturbed on that account as to the prospects for the industry. The virtue of gold in the long run lies not in its use for any practical purpose but in its function as a monetary basis broadening with the natural growth of the world's trade. Assuming this function is retained in the future what then are the prospects of its efficient performance? A discussion of this question is to form the second part of our inquiry.

THE TREND OF PRODUCTION

We can best begin our description by observing the movements in the quantity of

gold produced throughout the world in recent years. The following table giving the principal figures in thousands of fine ounces is taken from the latest annual report of the Union Corporation—

	1930	1931	1932
Union of South Africa	10 716	11 509	10 483
Canada	2 102	3 044	2 933
Australia	622	964	1 715
Rhodesia	555	580	693
British West Africa	242	293	351
Other parts of the Empire	384	438	489
British Empire	14 621	16 878	16 229
Russia	1 434	1 990	4 224
United States	2 100	2 219	2 885
Mexico	60	584	660
Japan	389	409	460
Korea	160	312	400
Elsewhere	1 469	1 946	2 841
World Total	20 836	24 331	27 490

The most significant facts emerging from the table are the substantial increase in the world's total output along with an actual decline in the production of South Africa, for many years past the principal source of gold. The main reason for the increased production common to all important areas except South Africa lies in the higher prices obtainable for gold in terms of the producers' currencies. Its price in France the centre of the gold bloc remains at the statutory figure established after the war and post-war inflation but most of the producing countries have in effect abandoned their former fixed prices and their currencies have undergone depreciation in relation to those of the gold bloc. Gold producers therefore receive in their own currencies considerably larger sums than formerly for each unit of their output on the other hand since their currency units have not depreciated correspondingly in terms of commodities their costs of production have not risen proportionately to the value of their product. Hence the phenomenon of a large increase in output along with a continued rise in its value per ounce. Even in the United States which alone among the prin

principal producers has restored a modified form of gold standard gold producers are in a similar position for by virtue of devaluation of the dollar they now receive \$35 per fine ounce for their gold instead of \$20.67 as formerly. In view of the higher returns thus obtainable and the peculiar fact that enlarged output has no depressing effect on prices a thirty per cent increase in world production since 1930 is not surprising.

What is surprising at first sight is the decline in the output of South Africa which however even now produces more than twice as much as any other country. For a number of years to 1931 South Africa's output showed a slow but steady annual increase and in 1932 a sharp rise was recorded. At that time South Africa was still on the gold standard and the South African pound was at a premium over sterling consequently the higher price of gold in London where South Africa's output is almost entirely marketed did not have its full effect on the profitability of the industry. Nevertheless enough of the potential benefit came through to stimulate greater mining activity. At the end of 1932 however South Africa left the gold standard and almost immediately her pound came to parity with sterling. From that moment the industry felt the full stimulus of the greatly increased sterling value of gold in the London bullion market yet since then production has fallen to a level actually below that of 1930* and by 1934 South Africa's contribution to the world total had declined to 38 per cent as against more than 50 per cent four years earlier.

This decline in output is in essence the result of definite policy pursued by the mining companies themselves and strengthened by Government action. The object of this policy is the prolongation of the economic lives of the mines—the desire to spread their profitability over a long period rather than to take full and immediate advantage of conditions deemed to be lasting. At the same time the tendency to defer in part the benefits of the wider margin between costs and the value of gold has been strengthened by the Government's claim that the State should share in the more or less fortuitously enlarged profits accruing to the mining companies. The policy is expressed in practice in the milling of lower grades of ore than had been profitable

formerly. Obviously a ton of ore containing a little gold as to be not worth milling while gold yields only 85 shillings an ounce may well be worth milling with gold at 100 or 120 or 140 shillings an ounce. Hence a larger proportion of the ore taken from the mines is profitable to mill and a great deal of ore which would have been left in the mines is profitable to raise. The cost of raising and milling a ton may be unchanged that ton may yield less gold than a ton raised on more careful selective working but with a higher price for gold the smaller yield will produce a disproportionately increased monetary return. At the same time by lowering the standard of selection of the ore to be raised the long term value of the mine is increased instead of tapping only the richest resources a more general and therefore more conservative exploitation is made possible. The basis for the policy pursued in South Africa lies then in the general principle that the higher the price of gold the lower the grade of ore that can be profitably mined.

Translating this description into accounting records between 1932 when South Africa was still on the gold standard and 1934 the working costs per ton of ore milled by a representative group of mines rose only from 19s 2d to 19s 5d but working costs per fine ounce of gold derived from the ore rose from 59s 3d to 75s 6d. In South Africa as a whole according to the Transvaal Chamber of Mines the tonnage of ore milled in 1934 was 13.8 per cent greater than in 1932 but the average yield of fine gold in pennyweights per ton milled fell by fully one fifth. Total working costs rose by 15 per cent but were more than offset by an increase of 45 per cent in the aggregate value of the gold produced notwithstanding a 10 per cent fall in its quantity. In the result the working profits of the mines more than doubled between these two years. To summarize more ore was treated less gold produced and larger profits realized.

THE IMMEDIATE RESULTS OF ENLARGED ACTIVITY

In more than one way the changed condition of the industry has made a substantial contribution to recovery both in South Africa and the world at large. In the first place increased activity has enlarged the volume of employment. The average

number of employees in the South African mines in 1934 was 27 600 white people and 244 100 natives and coloured people representing together an increase of nearly fifteen per cent since 1932. Disbursements in salaries and wages rose by one-sixth. Clearly an addition of £2½ millions to the payments for services rendered in the industry—on a total wage bill standing already at about £16 millions—must have given a strong impetus to prosperity in a country with so relatively small a white population as South Africa. As a further factor in recovery moreover the increased profits must be considered. These are distributed in three directions: to the shareholders to the South African Government and in expenditure on capital developments by the mining undertakings themselves. The Government through its method of taxation has reinforced the companies' policy of conserving their resources. Besides ordinary taxation an excess profits duty has been payable by the mines since 1933. The duty is designed to secure to the Government one half of the additional profits accruing to the industry through the rise in the price of gold and is calculated on an elaborate formula using as the main basis the profit per ton mined in November and December 1932, the two months preceding South Africa's departure from the gold standard. The formula for assessment is calculated to encourage the reinvestment of profits in schemes calculated to enlarge the scale of operations and to extend the working lives of the mines. The two objects are closely related for the mining of lower grade ore tends both to increase the volume of current employment in the mines and to conserve their reserves of ore. In the financial year to March 31 last this excess profits duty yielded about £4 millions and in the current financial year it is calculated to yield over £5 millions. The total amount paid in taxation by the mines in 1934 was more than £13 millions, an increase of 210 per cent over the figure for 1932. It is largely by virtue of this additional income from the mining industry that the South African Government has been able to carry out its various plans for assisting other branches of economic activity, chiefly agriculture, while maintaining budgetary equilibrium.

Notwithstanding this vastly heavier burden of taxation the profits remaining after additions to the companies' internal

and physical resources rendered possible a striking increase in the sums disbursed as dividends. Last year the distributions amounted to about £16 millions, an increase of nearly 90 per cent as compared with 1932. The figure appears large but it has to be borne in mind that it includes like all mining dividends a partial return of original capital to compensate for gradual exhaustion of the physical assets of the undertakings. A large part of the dividend roughly computed at 60 per cent of the total is remitted abroad chiefly to this country; the remainder reinforces the stimulus to general recovery at home. Adding together the increase in wage disbursements, the enlarged contribution to Government income and the local distribution of dividend, the industry is spreading over the South African community roughly £15 million more in a year than before the departure from gold—a handsome contribution to the restoration of economic prosperity.

The dividends remitted abroad—perhaps as much as £10 millions last year—are larger than they would have been but for the widespread abandonment of the gold standard and smaller than they would have been but for the increased taxation. The net addition to the former distribution serves to counterbalance the low rates or no rates at all paid in many lean years. It is through the overseas investor, chiefly British, that the industry upon which South African economy is built has been developed and it has been calculated by Professor S. H. Frankel of the University of the Witwatersrand* that from the earliest days of the South African industry up to 1932 the aggregate return on all the capital put into the industry works out at less than five per cent per annum—a surprisingly low figure when the wasting nature of the assets and the special risks of mining investment are taken into account. Nevertheless it is not contestable that the enlarged distribution of dividends abroad has contributed through their spending or reinvestment in the recipient countries to recovery outside South Africa. Moreover a further effect of South Africa's greater activity of special importance to this country as an exporter of manufactured goods is the increased purchasing power made available there for the import

* For details of the basis of this estimate see *Economic Journal* March 1935.

tion of goods, not least among them capital equipment, from other countries. Britain's exports of machinery last year, for example, received a welcome stimulus. South Africa having bought £4 millions worth, as compared with only £2 millions in 1932.

We have dealt at some length with the industry in South Africa partly because of the interest of its own special position, but the results of the more favourable conditions of the industry are paralleled elsewhere. Between 1930 and 1934 the world's output increased by almost one third. Employment within the industry probably rose by at least as much. Even in South Africa, with its exceptionally high degree of mechanization the number of workers rose notwithstanding the decline in output. In other countries particularly those which like Chile, are more concerned with alluvial gold working the new employment created was probably considerably greater, at least when judged by proportions. Internal recovery in Canada and Australia in particular has been assisted by the relative prosperity of gold producers. Finally a further consequence follows from the fact that still nearly three-fifths of the world's output of gold is produced within the British Empire. As the principal buyer of gold over the past few years have been countries outside the sterling area, sterling has received substantial support from the greater activity of the mines. This again has probably been one of the contributory factors in the relatively earlier and more definite recovery experienced in countries within the sterling area.

LONG TERM CONSIDERATIONS

We pass now to the long term question whether the effects of the world crisis and depression upon the gold mining industry have been such as to assist on any restored international gold basis the maintenance of a steady upward trend of economic activity. To answer this question we must inquire into the adequacy or inadequacy of the available and prospective supplies of gold. The conception of adequacy used in relation to a monetary metal is not simply an arithmetical one: it is far less definite than the conception of let us say the sufficiency of a given supply of power for the regular, full operation of a particular plant. For an international gold standard to operate favourably not only must the world's stock of gold and the rate of increment thereto be

maintained, but no persistent difficulty must be experienced by central banks in obtaining and retaining individual holdings which they themselves consider, on their own particular standards, to be sufficient for their needs. Clearly then a large number of factors, not to be expressed in arithmetical terms enters into the question whether any given supply of gold is adequate for constant business expansion throughout the world. It is not only a question of how much is produced but also of where the stocks assemble.

To quote figures recently published by the Union Corporation in 1930 the year before Britain's departure from the gold standard the world produced 21 million fine ounces of gold of which 5½ millions were absorbed by industry and the arts or taken into hoards in the east leaving an addition of 15½ millions to the world's monetary stocks. Since then the net absorption into industry and the arts has almost vanished largely through the inducement set up by the high price of gold to reclaiming of old gold. Moreover under the same inducement the east especially India has become a large seller of gold instead of a constant absorber of it. Hence in 1934 the world's production of new gold amounting to 27½ million ounces was augmented by 6½ millions of surrenders from non-monetary holdings making the year's addition to the total monetary stocks no less than 34 millions having a sterling value of approximately £240 millions—almost enough if so foolish a thought could be entertained to extinguish the entire fiduciary issue of notes of the Bank of England. Altogether in the past four years the huge total of 125 million ounces has been added to the world's monetary stocks enlarging their size by approximately 22 per cent.

It will be observed that the quantities are given in ounces but their efficacy as a monetary basis is determined by their valuation in terms of national currencies. If the same valuation were applicable to the world's stocks at the two dates the increase in terms of money would be the same as in volume—and thus, be it noted a far more rapid rate than in earlier years. But in fact the restoration, in any conceivable re-establishment of an international gold standard, of the parities between gold and currencies operative in 1930 is unthinkable. In consequence of the appreciation of gold in terms

of currencies the world's stocks are doubly enlarged—enlarged in quantity and in unit value as well. The Union Corporation has calculated that if all the world's former gold currencies were devalued by forty per cent representing approximately the position of the dollar and sterling the world's monetary stocks at the end of 1934 would be more than twice as large as in 1928. This consideration coupled with the probable maintenance of the enlarged output of new gold is rightly taken to indicate that the general adoption of parities reduced in this proportion would remove any risk of a positive shortage of gold considering the supply of gold in the mass.

Our phrase in the mass introduces an important qualification of this conclusion, but before discussing it we must refer to what is probably a minor consideration. The term monetary gold as used in association with the figures quoted include gold held in private hoards in the western world and gold held in exchange stabilization funds neither of which amounts can be accurately stated. However by deducting from the monetary stock the amounts recorded as in the possession of central banks and treasuries the Union Corporation is enabled to compute the aggregate size of these highly volatile holdings though they cannot be divided into their two parts. The result for the end of 1934 is 69½ million ounces which valued at £7 an ounce gives an aggregate of nearly £500 millions and this figure gains some support from the estimate of private hoards alone published a year ago by the Bank for International Settlements. It seems likely that in the event of the general fixing of new effective parities between gold and currencies these holdings would fairly quickly find their way into true monetary stocks in central banks and treasuries adding approximately one ninth to their present physical volume. The movement might be offset or more than offset if the professed example of France were widely and vigorously followed and large quantities of gold were passed into circulation but a movement of this sort seems hardly likely. Hence some further reinforcement of the rapidly growing gold stocks might be expected to follow from any general return to a gold standard.

THE QUESTION OF DISTRIBUTION

We have already observed that the

quantity and valuation of monetary gold in the mass are not the only elements in a realistic conception of adequacy. The fall in commodity prices which ushered in the world crisis so far as it is traceable to monetary causes was due not to any quantitative shortage of gold in the aggregate but to the difficulty experienced by many countries among them Great Britain in retaining a stock sufficient for their own needs. The shortage was real in the sense that the supply was not well spread. Similarly the enlarged amount of gold available on a general devaluation of currencies would be adequate only if it were evenly distributed and remained well spread throughout the world.

The position at the moment in this respect is clearly unsatisfactory. The world's central banks and treasuries at the end of 1934 held nearly 700 million fine ounces of gold apart from the quantities held by exchange stabilisation funds but of this total nearly 400 millions was held by France and the United States alone—a proportion which bears no reasonable relationship to the shares of those two countries in the world's trade and finance. The United Kingdom notwithstanding its pre-eminence in world trade and finance and the position of sterling as a basis for other currencies held less than one fourteenth of the total and no other country held more than about one eighth of the quantity in France alone amounting to nearly 160 million ounces. Germany—to mention only one country of great importance in world economics—had next to none and the whole of central Europe but a handful. It seems highly doubtful therefore whether the world's stocks of monetary gold as now distributed can be regarded as adequate on any realistic test for the restoration of an international gold standard system.

Let us suppose however that by some method of redistribution forming part of a general scheme of restoring fixed relationships between currencies and gold the available supplies were at the outset spread over the world on a basis of rough approximation to individual needs. What are the chances that it would remain so distributed and that newly available supplies would spread themselves on a similar plan? Have world economic relationships changed so

much since 1925-31 that the chances of such smooth working have been strengthened to the point of reliability? Have the burdens of international indebtedness been adjusted to the prospective exporting capacity of debtors and have creditor countries shown any greater readiness than before to throw open their markets to acceptance of the physical instruments of debt service? It is difficult to see any evidence of such a radical reversal of conditions. Until these questions can be answered affirmatively the only possible conclusion is that even if an initial redistribution of gold supplies were accomplished the gold would not be any more likely than in 1925-31 to remain well spread. So long as this conclusion holds good the enlarged supplies of gold can be considered adequate only on pure arithmetical reasoning which ignores the essential component of the quality of adequacy.

The second part of our discussion issues then in a negative result. Beyond a doubt the gold mining industry is providing an appreciable immediate stimulus both directly and indirectly to general business recovery over a large part of the world. But to the question whether an enlarged supply of the monetary metal is likely to facilitate a world wide return to a gold basis for currencies we can give an affirmative answer subject only to a qualification which in effect renders it for the time being nugatory. The qualification is that the answer must depend on extraneous development which at the moment appear no more likely to prove favourable than at the time of the earlier abortive attempt to reconstruct an international monetary system on a gold basis.

As a matter of practical economics it seems evident that notwithstanding the great increase in quantity and value of the world gold stock and the enlarged prospective supply of new gold the time is no ripe than three years ago for an effort to re-establish fixed parities between currency units and gold. The factors in maldistribution which we have indicated are no doubt the principal considerations determining the Chancellor's view repeated only a few weeks ago that this country can be no party to an attempted restoration of an international gold standard until the conditions for its successful operation become more favourable. This is the only view which can claim both wisdom and realism as parts of its foundation.

THE BUDGET

The fourth budget of Mr Chamberlain opened on April 15 may be regarded as a further chapter in the work of alleviation of the tax burden imposed in the difficult period of 1931. Reasons were expressed by the Chancellor for anticipating a substantial addition to the revenue in the coming year but time alone can show whether or not they were well founded. Should the optimism as to the improvement in the prosperity of the country prove to be justified then other things being equal it may be found possible a year hence to effect further modifications in taxation and in addition or alternatively increase the fixed debt charge in order to provide for debt reduction on a greater scale.

The net results of the past year's operations of the Treasury have been much better than anticipated a year ago. Power was then obtained to borrow the money needed to meet statutory sinking fund requirements and a surplus of less than £1 million was estimated before providing for supplementary expenditure. The revenue excluding various self-balancing items actually amounted to £716½ millions or £10 millions more than estimated in the budget for 1935-6 although miscellaneous revenue fell short by £4¼ millions and the sums realised from stamps, excise and the net receipts of the Post Office were below expectations. Revenue under all other headings exceeded anticipations. More particularly was this so in the case of income tax, surtax, death duties and excess profits duty. An excess of more than £9¼ millions from income tax was due as to £6 millions to payments which normally would not have been made until some time during the present financial year 1935-6. The action of the taxpayer in making payment with more than usual promptness while benefiting the revenue in the past year will however have its effect on the results of the current year. Customs and excise yielded somewhat less than originally expected but allowance has to be made for the fact that during last summer silk duties were revised involving a loss to the revenue of about £2 millions.

On the other side of the account the original estimates of expenditure amounting to £705¼ millions were raised to £716 millions by the introduction of supplementary estimates. A sum of £4¼ millions

provided for the Unemployment Assistance Board was however, not required in consequence of suspension of regulations and certain other services under civil votes cost less than expected. Moreover, requirements for interest and management of the debt for which £224 millions had been estimated amounted to about £211½ millions the difference of £12½ millions being due as to £3¼ millions to absent or token payments on the American debt the maintenance of short term interest rates as indicated by the average Treasury Bill rate of 12s 6½d in comparison with 12s 7½d in 1933-34 and reduced interest requirements in respect of National Savings Certificates. Interest is paid on these certificates only when they are presented for repayment. Last year the encashments were lower than in any similar period during the past decade being less than £28 millions whereas they amounted to £31¼ millions in 1933-34 when £111 millions needed to be provided for interest.

It was possible therefore to provide out of revenue not only £9 millions for statutory sinking funds but a further £3¼ millions for reduction of debt and after meeting £700 millions of expenditure to secure a surplus of £7½ millions which became available for a similar purpose.

In addition to the amount available from revenue for sinking fund purposes repayment of the balance of £7½ millions of war debt was made by the Government of the Union of South Africa. This sum was however not taken into last year's revenue being applied direct to debt redemption. On balance the nominal amount of the internal debt was reduced during the past year by £21¼ millions representing an annual saving in interest of £160,000. The external debt which for bookkeeping purposes is still converted at the old parities of exchange remains at £1036½ millions and except for a line of £4 millions of dollar bonds maturing in 1937 is not at present bearing interest. When dealing with the position of the debt the Chancellor incidentally referred to his statement of a year ago that the Exchange Equalisation Account was then showing a profit and added that this could be repeated with somewhat greater emphasis. He also dwelt upon the subject of 3 per cent Local Loans stock which is not included in the national debt. This stock has no fixed date of repayment

although since 1912 Parliament has had the right to redeem the whole or part at par at any time by giving one month's notice. The position has arisen that what was intended to be a long term security has become subject to redemption at short notice. Provision is being made in the new Finance Bill for power to finance the Local Loans Fund in a form better suited to modern conditions and for conversion operations to be carried out if and when feasible.

Expenditure for the current year is estimated at £734 millions, of which £224 millions represents allowance for debt interest and management. In view of uncertainty regarding interest rates later in the year and the number of Savings Certificates to be presented for repayment the Chancellor is again asking for power to borrow for statutory sinking funds. At this stage it is impossible to foretell what will be the final outcome but to the extent to which the actual debt charge falls short of £224 millions money will automatically be available as last year for statutory sinking fund without recourse to borrowing.

The Supply expenditure is estimated at £498½ millions or £26 million more than last year's outgoings. Defence services call for £10½ millions of this addition and civil service and customs etc. £15½ millions. It is now proposed to restore the outstanding balance of the cuts in salaries and wages made in 1931. The movement in that direction was initiated in July 1934 and the second and final step is to be taken in July next at an estimated cost of £4 millions for this year and £5½ millions in a full year. Allowance is also made in the expenditure for £4 millions of supplementary estimates in respect of the cattle subsidy and the increased cost of unemployment assistance.

On the basis of taxation in force last year the revenue available to meet the higher expenditure of £734 millions is estimated at £735½ millions or about £19 millions more than was actually collected last year. Notwithstanding the greatly reduced carry-over in respect of income tax the yield from this source on the former basis of taxation is calculated to exceed by £8 millions the actual collections in 1934-35. This is due in part to the fact that profits and income in 1934 on which will be based the income tax receipts for 1935-36 were greater than those for 1933 which formed the basis of the income tax paid last year. A further

£6½ millions of revenue is also anticipated to be forthcoming from customs and excise mainly as a result of trade recovery. Estate duties always an uncertain item are estimated to yield £80 millions or about £1½ millions less than last year. The substantial sums secured from this source arise in some measure from the appreciation in security values which has the twofold effect of increasing the actual value of estates and bringing them into the range of a higher level of duty.

Revisions in taxation and duties are, however, being made partly to remove anomalies and in other cases to carry a step further the relief of taxation which the Chancellor afforded a year ago. Minor adjustments are proposed in the duties on sugar, rice, soya beans, publicans' and beerhouse licence and also in the method of dealing with small annuities for the purposes of death duties. The net addition to the revenue from all these changes is estimated to be not more than £150,000. The duty on heavy oil used as fuel in road vehicles is to be raised on August 8 from 1d per gallon to 8d as now charged on petrol. From this source an additional £800,000 is expected to accrue this year and £1,200,000 in a full year. It is proposed to effect as from July 1 a small reduction in the tax on payments for seats costing over 6s where an entertainment is given by performers in person, and to repeal the duty on all payments for a licence not exceeding 6d. This amendment of the entertainment tax will reduce the current year's revenue by £2 millions and that of a full year by £27 millions.

The most expensive and far reaching alteration involving a loss of revenue of

£4½ millions this year and £10 millions in a full year is in respect of changes in graduation of income tax and increases of family allowances. The proposal is that on the first £135 of taxable income one third of the standard rate of 4s 6d shall be charged in substitution of the existing arrangement whereby one half the standard rate is charged up to £175 of taxable income. Between £135 and £175 of taxable income the rate in future will be 4s 6d in place of 2s 3d. No less than 2,200,000 or out 70 per cent of the total income tax payers have taxable incomes of not more than £135 and in future will enjoy the benefit of the reduced rate of 9d in the £. Under some measure of relief will also be accorded to a further 200,000 persons estimated to have a taxable income lying between £135 and £175. It is also proposed to increase the personal allowance for a married taxpayer from £150 to £170 and in place of £50 for the first child and £40 for each subsequent child the allowance to be £50 for each child whatever the number.

The net reduction in revenue as a result of the various revisions indicated above is estimated this year at £5½ millions. On the other hand miscellaneous revenue is expected to produce £26 millions of which 2½ millions is a repayment of loans formerly made to the Road Fund and £4½ millions represents the balance of that fund to be transferred to the Treasury and subject to retransfer to the fund in whole or in part in certain circumstances. The final estimate of revenue for the current year thus works out at £734½ millions.

On December 17, 1540 the Abbey Church of St Peter, Westminster was advanced to the dignity of a Cathedral by letters patent. Then years later it was joined to the diocese of London again and many of its estates were appropriated to the repairs of St Paul's Cathedral. Hence the expression robbing Peter to pay Paul.

We have received a copy of the half yearly report of the activities of the Indian Central European Society. A non political body they seek to develop and promote

direct trade relations and cultural interchange between India and Central Europe. They will give authoritative and exhaustive information on all significant researches and the latest technical inventions innovations patents discoveries and on medical authorities on health resorts etc to all those who may need these kinds of information. Mr Subhas Chandra Bose is prominently connected with this Indian Central European Society as its Indian Vice President. Further information can be had of the Society, 1 Tuchlauben 7a/19 Vienna, Austria Europe.

Canadian Trade and Finance.

Stabilization of World Currencies

Montreal April 30 1935—In all countries except those on the gold basis, business is clearly on the up grade. In spite of this general improvement in other parts of the world there seems but little ground for hope that rising prices in the dollar and sterling groups will raise world prices promptly and to a sufficient degree to permit the gold countries to maintain the present gold value of their currencies. While waiting for price parity to be attained as a result of rising prices in other parts of the world the gold countries would go through further intolerable deflation and bankruptcy. From all points of view the most constructive development would be for the gold bloc to follow the example of the rest of the world which has revalued currency on a basis of at least 40 per cent reduction in gold content. If this change is to be the ultimate result immediate recognition of the inevitable would be of enormous benefit to the gold countries. Moreover whatever theoretical argument may be adduced to support their present position the practical facts are against them: the pressure is becoming heavier than is possible for them to bear.

When a country devalues its money the advantage generally emphasized is that improved export industries. For the countries now in the gold bloc this is not the most important consideration. At the best they would only regain their normal share of improved world business lost by excessive prices. The greatest benefit would be the readjustment in internal prices. It is no accident that the cost of living in Paris is still 30 per cent of that in 1929 while wholesale prices have dropped to 55 per cent of the 1929 level. The February issue of the *International Labour Review* gives the index number of wages in France for June 1934 as 95 compared with 100 in 1929. In view of the fact that the wage index for Great Britain in June 1934 was 96 it would seem that in terms of labour costs British export manufacturers now have an advantage over those of France to the extent of 40 per cent as compared with their relative positions in 1929.

Why do the countries of the gold bloc and those countries such as Italy and Germany which are making extraordinary efforts to maintain nominal parity hesitate? There are two fairly obvious reasons.

(1) Throughout Europe it is generally believed that the United States contemplates further devaluation. (2) Great Britain refuses to give up her free hand in dealing with currency problems. Thus there is a vicious circle. The gold bloc will not voluntarily surrender until they know the terms on which peace can be secured. Great Britain will not indicate a basis of stabilization to the gold bloc countries at present gold parities because it is unbelievable that the latter can maintain their present gold parities. Stabilization at present rate would probably precipitate an immediate flight from Continental currencies.

Nevertheless it must be recognized that the moment has come for the discussion of stabilization on a gold basis. With the solid front of the gold countries weakened by Belgium's defection, with the stress of internal price disequilibrium becoming daily more acute and finally with the example of the improvement in the position of Belgium as the result of the steps already taken the time is ripe for action. Great Britain should recognize that the moment is propitious for a dramatic act of world leadership.

Moreover, the assumption seems justified that willingness on the part of Great Britain to stabilize at the old parity of exchange with the dollar would be acceptable to the United States. This would mean that further discussion of changing the value of gold would be abandoned. There is a certain section of British opinion which fears stabilization on a basis of \$4.86 to the pound since stabilization at that rate was the main cause of depression in Great Britain after 1925 when the rest of the world was experiencing great prosperity. In that period however rigidity of wages and other fixed charges made costs too high when the appreciated pound was brought to parity. This argument however, has lost its force at the present time for the reason that with its inevitable adjustment of the new value of gold present wages in both Great Britain and the United States will prove too low rather than too high.

Gradually opinion is veering around to the view that the liquidation of the losses of the war, the necessity for reducing the burden of the debts of the war and of post-war reconstruction justify a price level

somewhat above that accepted as standard in North America namely an index number of 100 based on the average of 1926. Certainly, the change in value of gold points toward the inevitability of rising prices in the future. Ultimately volume of credit will expand proportionately to the gold base now available. The danger is that when the justified expansion of credit and with it an increased volume of business occurs the momentum may again carry us beyond the danger signals and prosperity be permitted to degenerate into speculative booms leading to another collapse. Intelligent plans must be made in advance to deal with such a situation should it arise but clearly there is no basis for international co-operation without stabilization.

U S A TRADE WITH BRITISH EMPIRE

While it has long been a matter of common knowledge that the value of exports from the United States exceeds that of imports by substantial proportions and that this situation is reversed in Great Britain it is by no means equally well known that the great bulk of the excess exports of the United States constitutes the major portion of the import surplus of Great Britain. Since 1926 the United States has exported commodities to an average annual value of \$561 million more than the value of her commodity imports. In those same years the average annual excess of exports over imports in the United States trade with the British Empire has amounted to \$49 million and that in her trade with Great Britain alone to \$395 million.

In the table which accompanies this article it will be noted that the only parts of the British Empire which consistently export more goods to the United States than they receive from that country are India, Ceylon and Malaya. Heavy United States imports of rubber, tin, tea and hemp account for this relationship. The net average value of the United States surplus commodity imports from these three parts of the Empire has averaged \$239 million.

It should be noted that in the period mentioned Canadian imports from the United States have exceeded exports to that country by an average of \$227 million. In 1933 this import surplus fell to \$26 million but it rose again to \$70 million in 1934. For the Empire as a whole the balance fell as low as \$176 million in 1933 but rose again to \$284 million in 1934.

If the statistics given in the table which accompanies this article told the whole story the burden of this relationship might be considered intolerable. The large expenditures in Canada of tourists from the United States however tend to bring about a better balance between the two countries than is generally appreciated. With due allowance for tourist trade it would seem that the United States has spent more for Canadian goods since 1931 than Canadians have spent in the United States. In a like manner on balance the United States pays heavy amounts to Great Britain for shipping, cargoes and insurance. The full details of the financial balance between Great Britain and the United States would make a long story. In no unbiased accounting of the financial relationships between the two countries should these factors be overlooked. It is not our purpose however, to give a full picture of the financial relations between Great Britain and the United States.

Commodity balances have assumed special importance since the beginning of the depression. With most governments attempting to regulate their imports from each country in accordance with the sales to that country the large import balance of the British Empire in its trade with the United States assumes special significance. In a theoretical world where all countries were trading in the cheapest markets and selling where they could get the best prices undisturbed by excessive tariffs and other artificial restrictions a lack of balance between individual countries would deserve little special comment. Triangular relationships might set such balances. In the present phase of extreme nationalism however the subject comes of major importance. At each Empire conference the other parts of the Empire seek an increasing share of the British market. In allotting quotas to Empire countries Great Britain cannot afford to overlook the needs of Argentina, Sweden, Norway and other countries which are large purchasers of British goods. Empire countries and many foreign countries have made and are willing to make heavy concessions in order to retain preferred access to the British market which absorbs a large proportion of the total surplus exports of the world. It is inevitable that if Great Britain is to continue to absorb excess goods from the United States,

quotas for other countries must be smaller than would otherwise be the case. Certainly, the record would indicate that the time has come for the United States to make substantial concessions on goods from the Empire.

Over a period of many years Great Britain has recognised that with her large foreign investments a surplus of commodity imports is not a hindrance to prosperity. By accepting a surplus of goods from abroad provision has been made for other countries to pay service charges on existing loans. It is not entirely an accident that Great Britain has received better returns on foreign loans than has been the experience of other countries. New countries do not have the financial resources with which to meet emergencies. It remains for wealthy and mature countries to assume the responsibility of maintaining equilibrium during a depression. By assisting rather than restricting trade, by deliberately purchasing more than they sell during such a crisis, they can mitigate the difficulties with which the world is confronted. Such measures, together with wise financial policies, create conditions under which new countries can continue to make payments to them on debt services. In maintaining a large import balance throughout the depression Great Britain has made a notable contribution toward creating conditions favourable for a revival of world trade in less developed countries and this revival in turn will tend to produce an improvement in British exports.

BASE METALS

Although world prices for base metals have not yet regained the high levels reached in the summer of 1934 the trend has been definitely upward since the beginning of the year. Prices for standard copper in London rose from an average of £28 2 3 per long ton in January to £31 7 6 on April 23rd. During the same period prices for lead and zinc increased from £10 6 5 and £12 0 0 per ton to £12 8 9 and £13 5 0 respectively.

In January 1935 there was a discussion of the substantial gain in Canadian output of base metals during 1934. Not only has this gain been continued during the early months of the present year but the available statistics of production in other countries indicate that the increased output of the principal non ferrous metals has been world wide.

METAL PRODUCTION (Short tons)

	Canada		World	
	1934	1933	1934	1933
Aluminium	15 500	16 200	188 400	155 400
Copper	182 823	149 491	1 363 100	1 101 390
Lead	172 813	137 237	1 493 000	1 339 600
Nickel	64 408	41 632	70 500	46 500
Tin			126 700	110 500
Zinc	149 352	99 566	1 295 500	1 109 300

During this period of expanding production, however, the trend has been increasing in the direction of regulation in relation to demand. International cartels now control the major part of the world's output of copper and tin, and the base metal mining industries of the United States are operating under N.R.A. Codes. The international copper agreement, which was concluded at the end of March, aims at the reduction of output necessary to permit the gradual liquidation of present supplies, and does not include the pooling of sales or price fixing; the elimination of large stocks is the principal objective. It is understood that Canadian mines whose copper is largely a by product will co-operate in the orderly marketing plan. As a result of the restriction of tin production in the past three years world stocks have been reduced from a peak of 60 000 tons in April 1932 to 19 000 tons on March 31, 1935, and the International Committee has permitted an increased production during the second quarter of this year.

In general consumption of base metals has kept pace with production. Continued improvement in manufacturing activity, particularly in the automobile industry, expansion in public and private construction in some countries, notably Great Britain, and the development of new uses for the various metals have all contributed to the increase. In some industries the gain in recent months has been spectacular. The tinplate industry in the United States, for example, has been operating for the past six weeks at a rate in excess of that attained in 1929 and it is anticipated that total output during the present year may establish a new record.

Trade with United States and Great Britain and all other countries

(Values in millions of dollars)

	1926			1927			1928			1929			1930		
	Ex	Im	Balance	Ex	Im	Balance	Ex	Im	Balance	Ex	Im	Balance	Ex	Im	Balance
Exports	97.5	3.2	94.3	84.5	4.2	80.3	84.5	4.2	80.3	84.5	4.2	80.3	84.5	4.2	80.3
Imports	3.2	97.5	-94.3	4.2	84.5	-80.3	4.2	84.5	-80.3	4.2	84.5	-80.3	4.2	84.5	-80.3
Balance	94.3	3.2	-91.1	80.3	4.2	-76.1	80.3	4.2	-76.1	80.3	4.2	-76.1	80.3	4.2	-76.1
Exports	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3
Imports	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3
Balance	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1
Exports	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3
Imports	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3
Balance	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1
Exports	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3
Imports	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3
Balance	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1

	1931			1932			1933			1934			1935		
	Ex	Im	Balance	Ex	Im	Balance	Ex	Im	Balance	Ex	Im	Balance	Ex	Im	Balance
Exports	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3
Imports	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3
Balance	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1
Exports	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3
Imports	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3
Balance	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1
Exports	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3
Imports	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3
Balance	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1
Exports	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3	10.5	1.2	9.3
Imports	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3	1.2	10.5	-9.3
Balance	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1	9.3	1.2	-8.1

concordance with the recommendations of the Finance Committee of the Commission. It has been decided to increase the number of members of the Commission to 15.

The system of the March 1931 Italian budget, in the 1931, has never

been revised. It is a system of direct taxation, with a high rate of 10 per cent. The system is based on the principle of the "cassa di risparmio" (savings bank) which is a public institution. The system is based on the principle of the "cassa di risparmio" (savings bank) which is a public institution. The system is based on the principle of the "cassa di risparmio" (savings bank) which is a public institution.

Economics of Sugar Industry.

U. P. Sugar Conference

"It is universally recognised that one of the essential factors in the stabilization of the sugar industry must be a well designed system for securing for the cane growers an equitable share of benefit resulting from the protection granted to the industry as a whole." This message of Sir Jwala Prasad Srivastava the present Minister of Industries in the U. P. Government to the Conference of Sugar Factory Owners and Cane Growers convened by the Government of that province at Nainital contains the statement of one of the main objectives of any reorganization of this industry.

The Conference was presided over by the Senior Member of the Board of Revenue, U. P. and was attended by the Marketing Officer to the Imperial Council of Agricultural Research and the Sugar Technologist to the Council. We are indebted to the Commerce for the following account of the work of this Conference—

The Conference discussed the rules clause by clause and suggested several amendments for the consideration of the Government of the United Provinces. One important change suggested by the Conference relates to the price of cane at stations situated at a distance from a factory station. It is understood that the Conference has recommended to Government that it should reduce the price of cane when purchased at a considerable distance from the factories in comparison with the price paid at the gate under the schedule fixed by the U. P. Government every fortnight. It is likely that the new rules will therefore provide that in the case of a factory undertaking the transport of sugarcane from a purchasing centre, it will be allowed to make a deduction for carting charges at 1 pie per maund per mile subject to a maximum of one anna per maund. Such deduction however shall not be made within five miles of a railway station. This change will benefit the factories which will be compensated for the transportation charges drayage etc., of cane in transit and at the same time be a blessing to the cultivators situated at distant places because it will enable factories to purchase cane even from a distance.

Other suggestions made by the Conference include recommendations to the U. P. Government for discouraging the growing of ratooned canes by advising the Irrigation Department to levy slightly higher charge for irrigation of ratooned cane than for virgin plant canes. The Conference also considered the question of making improvements in the conditions of cane cultivation. A suggestion has been made to the U. P. Government that it should press upon the Government of India the allocation of a portion of the proceeds of the excise duty levied from factories in the United Provinces to be spent for the purpose of improving the cane cultivation in the United Provinces for the benefit of the cultivators.

SUGAR INDUSTRY IN BENGAL

Mr M. P. Gandhi, the well known authority on sugar problems, has recently written of the development of industries in Bengal. Here is the relevant paragraph bearing on the topic of our interest—

The development of the sugar industry in Bengal has been rather sluggish although her soil and climate are exceptionally favourable for the cultivation of sugarcane. In the campaign for restriction of jute crop the Government of Bengal is concentrating attention on the cultivation of sugarcane as an alternative crop to substitute the jute crop in suitable areas. The industry has developed rapidly in other provinces, after the grant of protection in the year 1932. So far Bengal has only six sugar factories of which two were started in 1932, one in 1933 and three in 1934. About half a dozen mills are under construction and may start working next season. Their crushing capacity is, however small. The estimated consumption of sugar in Bengal at present is roughly 130,000 tons whereas the estimated production in 1934-35 was only about 11,000 tons, i.e., only about one-tenth of her consumption. The great disparity between consumption and production affords excellent opportunity for the development of the sugar industry in Bengal. Indications are not wanting to show that the industrialists of the province have realised the potentiality of the development of the

industry in Bengal which affords a large domestic market, and has several other advantages e.g. favourable soil and climatic conditions, an abundant labour supply, realisation of some price for molasses, etc. advantage in railway freight, as compared with other provinces for catering for the large market in Bengal. It is hoped that Bengal will develop this industry with a view to help the cultivators to afford employment to *bhadralog* classes and derive a tangible advantage from the policy of protection adopted by the Government of India. Bengal has also great possibilities of manufacture of sugar from date palm.

Dr H. K. Sen too, has drawn the attention of the industrialists to the capacity of this industry to yield immense profits in Bengal.

THE FORTHCOMING SUGAR COMMITTEE

The Associated Press have announced that the Sugar Committee is to meet in Simla on July 1 and 2. The message also states that although the estimates of sugar in modern factories in India exceeded the previous years estimates by 130,000 tons, bad season and pests have been responsible for a loss of 60,000 tons, the United Provinces being the greatest sufferer. The Committee will devote itself to this urgent matter.

In view of the importance of sugar industry in India and its special attraction to the province of Bihar, *The Starlight* of Patna has thought it fit to write a leading article on the problems of sugar industry. 'As early as 1933, the Sugar Committee dealt with the question of sugarcane pests and a scheme was drawn up by entomologists from all the provinces, which was considered and approved. The scheme has not yet been paid attention because of the lack of funds. The argument is indefensible for the amount required is only Rs. 4 lakhs

and the loss to the country without this improvement is very great indeed.

The other important questions connected with this industry are (1) better cultivation and better manuring and (2) the problem of molasses. It is said that the new improved variety of canes from Coimbatore which were extensively sown in the United Provinces requires better cultivation and manuring and this reduced the sugar content of the canes. This in its turn affects the price of the canes. It is of course true that this paper points out that the price of cane must have in relation to the price of sugar, but it is also true that if that market price continues to be low for reasons connected with the cheaper production of this commodity cane cultivation will soon cease to attract the cultivators who will give it up as an unremunerative and indeed impoverishing business. An important remedy is certainly the improvement of the cultivation so that qualitatively and quantitatively better crops may be raised.

Molasses form quite thirty to forty per cent of the factory yield. It is rightly argued that unless some probable way of disposing off these molasses the main industry cannot stand on it. In regard to monetary losses which the non-utilization of the molasses has been entailing, sanitary and hygienic reasons militate against a lucrative treatment. The whole country is roundabout a sugar factory has come and is progressively becoming a vast pool of accumulating molasses whose unwholesome emanations are endangering the health and life of the inhabitants and it is due that steps were taken to remove or otherwise dispose of this rich source of human suffering.

We hope that the Sugar Committee will deal with these much needed reforms in the Indian sugar industry.

An analysis by Mr. George M. Peak, the American Government's Adviser on foreign trade, of the status of the United States in foreign trade and international investment at the end of 1934 shows that she had a favourable balance of goods with Europe, including U.K., of \$461,000,000. She had purchased during the year silver and paper currencies amounting to \$957,000,000. On paper she was a creditor to the extent of \$16,897,000,000, though this included war

debts amounting to \$10,304,000,000. Only Finland had paid the interest on it up to date. He estimates that the total of foreign investments in U.S.A. on 21st December 1934, was \$7,590,000,000 compared with \$2,500,000,000 in 1914.

The total yield of the rabi seed crop of the Bengal Presidency for 1934-35 is estimated to be 212,200 tons as against 194,000 tons last year.

Notes on Rural Life.

By "A Son of the Soil".

We endorse the appeal for the J K Pani Fund, issued by Mr G D Birla on behalf of the Harijan Sevak Sangh. Anybody who knows anything of the water supply to the Harijans in villages will readily grant the need for constructing wells for them. The writer of this notes had once the opportunity to personally see the type of water used by these brothers of ours in rural parts. He saw the water flowing in irrigation channels with all their dirt and filth being used for drinking purposes. Without even good water to drink it is no wonder that bathing is almost an annual event with them. Though the Caste Hindus have not yet freed them selves from the demoralising custom of not allowing free access to public wells for the Harijans, they will not, hopes Mr Birla, thoughtlessly deny Harijans a necessity like that of having drinking wells. We also hope to and trust that the generosity of the upper class Hindu mind which made ample display at the time of the Mahatma's great fast under the lead of no less a person than Pandit Madan Mohan Malaviya will rise to the occasion when it is so insistently in demand. We feel however ungracious it may appear that the acknowledged leader of the Caste Hindu—to wit the distinguished Vice Chancellor of the Benares Hindu University—has allowed his enthusiasm for the uplift of the untouchables at the time of the Poona Pact to slacken and perhaps to die of euthanasia. Verily Dr Ambedkar seems to be well founded in his fears with regard to the attitude of the Caste Hindus, he did not conceal a shrewd suspicion even at that time of exuberant show of love of the Hindu depressed.

The subject of rural education is of paramount importance. It is being increasingly recognised that urban education in this country is at present ill formed and ill suited. We all know that that great Indian statesman, the Right Honble Sir Tej Bahadur Sapru, fully convinced of the need for a radical alteration in the Indian educational policy, he is making full use of the opportunities offered to him in his capacity as the President of the United Provinces Unemployment Committee to explore all possi-

bilities of reformation of school education in India. While it is so with urban education, it is more so with rural education. Nothing can be more unwire than to repeat the mistake in our villages.

Mahatma Gandhi has drawn attention to the need for a well adapted system of rural education especially Harijan education. With that insight into things, the Mahatma writes 'Be it in the crudest manner possible a non Harijan child receives some home culture. A Harijan child being shunned by society, has none. It is true. But the Mahatma is of the opinion that even when therefore, all primary schools are open to Harijan children, as they must be soon or late and in my opinion, sooner rather than later, preliminary schools will be needed for Harijan children if they are not to labour under a perpetual handicap. We decidedly dissent from this view. The lowness of cultural calibre of the Harijan child will only last a few more years by putting them in a separate school. It is good to begin, at the most impressionable age associating them with upper class children. But we are not forgetful of the prejudice that dies hard in the Hindu society at present, which will prevent the consummation of this idea. As a matter of policy, we can understand the segregation, but even for higher purposes the Mahatma would allow it in the earlier years. That, we think, is not after all the most healthy view to take. It runs counter to all educational psychology.

Rural education is the topic of a contributed leading article of *The Leader*. We extract the following paragraph from it—

A district council in far off Ceylon wants the fullest co-operation between the departments of agriculture and education in the dissemination of knowledge of better agricultural methods through the medium of school gardens. It would seem as the Minister of Agriculture has said, that parent-teachers' associations enable the villagers to profit by the methods followed by teachers and pupils in the 'rural scheme work' in Ceylon. The potentialities of the village school, specially the village middle school,

as an agency for the moral and economic uplift of the village community are recognized but await being developed. If a rural bias were given to education generally in the rural areas education would be both more interesting and more useful to boys and girls in the villages. For at any rate in the earlier stages education that is divorced from environment fails to absorb the mind and to prove effective. And is it not after all desirable that children in the rural areas should be trained to roles or usefulness in the countryside to their own advantage and to the ultimate advantage of the village community? As it is they drift to the towns pass through schools and colleges and add to the number of the unemployed. In fact on the development of a system of rural education depends the solution of some of the problems that are facing the educationist in the sphere of English high school and university education and also the solution in a certain measure of the problem of middle class unemployment.

* * * * *

We have received an announcement that the exemption of the Land Mortgage Banks and the Land Mortgage Societies in the Mysore State from the payment of fees leviable under the Stamp and Registration Regulations granted originally for a period of three years from August 1932 has now been extended for a further period of three years.

* * * * *

The report of inspection of the Director of Agriculture of the Government of His Exalted Highness the Nizam of Hyderabad of the Rural Reconstruction Centre at Patancheru is very encouraging, inasmuch as the Centre is doing progressive work of all types. We have great praise for the work of this rural reconstruction centre. But the writer has always held that these

centres are more costly than useful. It is in the manner of robbing Peter to pay Paul to beautify and idealise a certain village at a cost which can usefully be employed to alleviate a certain misery of the villages over a large part of the land.

* * * * *

The Government of India has received from almost all provincial governments schemes of rural uplift for which Rs 1 13 00 000 will be spent out of the surplus central revenues for 1934-35. It will be remembered that Sir James Grigg announced in his budget speech that Rs 1 crore would be available to provinces to be spent for rural uplift but in a subsequent announcement the Finance Member increased the amount by another Rs 13 lakhs. Out of this amount Rs 10 15 lakhs will be earmarked for encouraging the co-operative movement. Though no definite and final allotment in respect of this grant has yet been made it is stated that the provinces will get approximately the following amounts on the basis of their respective populations.

	Rs
Jengal	19 25 000
C. P.	17 80 000
Madras	16 80 000
Bihar and Orissa	15 00 000
Punjab	8 50 000
Bombay	7 00 000
C. P.	5 70 000
Burma	5 10 000
Assam	3 45 000
N. W. F. P.	82 000
Ajmere Merwara	15 000
Deccan	7 000
Coorg	6 000*

One of the conditions on which the provincial governments will get their respective quotas is that their uplift schemes must have the prior approval of the Government of India.

The bride cake originated in confarreatio or a token of the most firm conjunction between man and wife, with a cake of wheat or barley from far (Latin bread or corn). Dr Moffat tells us that the

English when the bride comes from church are wont to cast wheat upon her head. Herrick speaking to the bride says —
While some repeat your praise and bless
you sprinkling you with wheat.

Economic Notes.

Co-operation in Travancore

The Report of the Travancore Co operative Enquiry Committee, which has just been published, is an able and authoritative document of great importance. The Government of Travancore were able to secure the invaluable services of that eminent social worker, Mr G K Devadhar. In addition to being the head of that remarkable band of national workers, the Servants of India Society, Mr Devadhar has made an exhaustive and a thorough study of Co operation in all its phases. He is one of the two or three Indians, who have made a name as authorities on Co operation in India. When such a man guides the proceedings of the Enquiry Committee, we are bound to have a rare study of the problem. We have no space to enter into the details of the recommendations of the Committee which are nearly three hundred in number. They go into the various details of the actual working of the Co operative movement in Travancore; all sorts of minor suggestions have been made with a view to smoothening and perfecting the course of the movement. We commend the report to all workers in the field of Co operation as they contain valuable hints for improvement; as most of the hints have a lesson to other parts of India as well. The Government of Travancore will we hope carry out the recommendations of the Devadhar Committee and make Co operation the useful instrument of co-operative welfare that it deserves to become.

THE I L O REPORT

As is only to be expected, the Report of Mr Harold Butler, the Director of the International Labour Office at Geneva is mainly taken up with the question of unemployment. The remedies that were taken in the year 1934 were (1) Insurance and relief (2) Public works (3) Hours of work (4) Organisation of industry (5) Financial policy and (6) International organisation. It need not be said that the progress of the various countries has been slow, partly because of causes beyond control and partly because of the apathy and listlessness of those in power. The last mentioned method of relief, viz international

planning' is conspicuous by its absence. Since the breakdown of the London Economic Conference in 1933, little concerted effort has been made to grapple with the chaos into which international commerce and exchange have fallen. Nobody believes that there can be a return to anything like general prosperity until there is a considerable revival of international trade. Nobody really doubts that such a revival is impossible until exchanges have been brought to some stable and intelligible relationship. Neither credit nor confidence can be rebuilt upon the shifting sands of fluctuating currencies. It is true that fluctuations have become less violent during the past year, but stabilisation, though apparently more feasible, is still not in sight. Anyone who has followed the trend of events in Western politics can easily understand how magnanimity is not traceable in the public life of any country and the large international mind is to be found only with the intellectuals, but not with the statesmen.

FUTURE TASKS OF I L O

The concluding chapter of Mr Butler's finely written report discusses the future tasks before the International Labour Office. The Report admits that wages, women labour, agricultural and industrial hygiene are important problems that deserve careful and sympathetic study and treatment. The changing structure of industry also presents a series of problems. It is also true that the social aspects of the relation between production and consumption are of pressing interest. More than all, we are glad to see that the Report lays stress on the great problem of population. Though the I L O cannot by itself solve the population problem as an organisation devoted to the furtherance of social justice, it cannot afford to confine its vision to the narrow field of social legislation to the total exclusion of the broader issues upon which the success or failure of its work must largely depend.

One chapter in this book is taken up with the activities of the International Labour Office during 1934. It is a good record of finely done social service, of which the I L O might feel justly proud.

Topics in the Journals.

The Philosophy of Investment

We are happy to share with our readers an extremely interesting article on the philosophy of investment. It is short and sweet. Mr Wilbur H Russell is the author of this piece of fine writing in the *Commerce and Finance*.

The primary motive of saving and investing is to provide an income to cover either in whole or in part the expenses of living without the work required if these expenses must be earned. Its practice has continued over so many hundreds of years that many of its precepts are accepted without further thought and emphasis is often put so strongly on interest and dividends received that other factors quite as important are wholly overlooked.

Interest and dividends come from earnings which in turn result from the able management of tangible and intangible property. If the earnings are present dividends and interest will follow, but if earnings disappear and deficits replace them then it will assuredly follow that dividends and interest eventually cease. Since it is future income that is of vital interest, past income being water that has gone over the dam, particular pains must be taken to ascertain that future earnings will be adequate to warrant the dividends and interest expected. Otherwise disappointment and perhaps hardship will result and it is here that action is often based on tradition rather than foresight. Investors who acquired a certain well known industrial preferred stock because it was selling at a comparatively low price though still paying its full dividend appeared to be obtaining a liberal return and yet the subsequent return was very meagre when the inevitable reduction came. Similar unfortunate experiences result from the purchase of bonds prior to the default of interest which can generally be anticipated by the study of prospective earnings.

Conversely many view with alarm the purchase of non dividend paying stocks or defaulted bonds as something beyond the pale of respectability, yet if earnings materialize dividends or interest will follow and the subsequent return on the original investment will be indeed high vsat fa tory

Between these two extremes are the vast number of bonds and stocks from which dividends and interest regularly received year after year. It is true that with respect to many stocks the rate varies while the interest payments are equal but with respect to both fluctuations in price are continually witnessed due to a variety of causes, not of the least of which is the anticipated earnings which forecast in the case of bonds a greater or less factor of safety in the case of stocks larger or smaller dividends. It is with the causes of these fluctuations that the investor will wisely concern himself rather than to ignore them because of blind adherence to the income factor only for which only moderately correct diagnosis final results show marked improvement.

Take care of the principal and income will take care of itself. If by withholding purchases for a period of three months securities can be purchased at the end of the period for \$9,500 which at the beginning would have cost \$10,000, a full year's income has been gained, not to mention the more satisfactory cost established. A stock bought at a very low income return because the larger part of its earnings are being reinvested to good advantage is quite sure to pay a liberal return in the future and show sizable appreciation as well. Ten years ago a textile stock paying \$6 a share was sold at 60 and the stock of a oil company paying \$1 per year bought at the same price. More than 80 per cent cut in price. But what? The textile company in a year or two omitted dividends altogether and has not since resumed whereas as a result of right stock dividends increases in cash dividends the actual return from the revenue share of oil stock has been greater than that anticipated from the other and a large capital gain experience a large further loss avoided. Those who have during the past year sold high coupon rate bonds until called must to suffer a greater reduction in income than did those who reversed their holdings voluntarily in anticipation of the generally expected eventuality.

The foresighted investor who takes advantage along these lines is quite likely to voluntarily cease if with caution break another tradition. It will be found expedient at times because of the very return from his funds or perhaps complete lack of return to withdraw moderate portions of his capital to cover current expenses. This procedure commonly accounted reckless to the extent degree will no doubt cause his forebear at least if they hailed from New England to turn over in their graves once or twice so that it is recommended only with the utmost caution though it seems somewhat more intelligent than buying for income and watching it go down.

Is Capitalism at an End?

This question was discussed at the Mila nee Club Calcutta recently. Mr A G Sen delivered an illuminating speech on the subject and concluded with an open minded remark. It still remained to be seen whether Capitalism reformed or modified should still be able to retain its main feature and form or it should be replaced by complete Socialism as in Soviet Russia. Dr Bhupendra Nath Dutta well pointed out that he did not find any traces of the breakdown of the Capitalistic order though Karl Marx predicted its doom. Soviet Russia has undoubtedly been able to impart a rude shock to the sweet complacency of the Capitalists but that shock had been in the nature of a dangerous reaction which has brought forth

Fascism It is still a conjecture whether Fascism is the last gasp of Capitalism. While Mr Mrinal Kanti Bose is of the opinion that Capitalism has been stealing the thunder of Socialism without acknowledgment, Mr Sen pointed out that Communism can either be a revolutionary or an evolutionary growth. The famous conversation between Joseph Stalin and H G Wells is fresh in our mind. Stalin was sure that revolution is inevitable, while Wells insisted on an evolutionary process. But even G B Shaw, a more sympathetic observer of Russian life than even Wells, has said that the Russian revolution is coming more and more to testify to the inevitability of gradualness.

Dr Radha Kamal Mukherjee in summing up said that the subject could very well be divided into three parts. (1) What are the defects of Capitalism? (2) How has USSR tackled them and with what success? and (3) What will modern India do in the circumstances? Regarding the first question Dr Mukherjee remarked that Capitalism by its sins of omission and commission had brought about class war as a result of which the entire culture and civilization of man had become jeopardised. Secondly it has no plan in the exploitation of natural resources as a result of which some countries grew in power and prosperity at the expense of others and became imperialistic. Imperialism is now an inevitable appendage of Capitalism but it is likely to disappear in future when with the further improvement of science man will learn to generate power from air and sun which are not the monopolies of any particular country. It is likely to further improve its ways due to the impact of Communism and to the invention of the more universal sources of energy. Taking the second point Dr Mukherjee remarked that the Communists have not yet solved the problem of poverty; they undoubtedly possess some advantages over the Capitalistic countries because of the policy of nationalization; they are more capable of planned mass production and equitable distribution than the isolated production units of other countries on monetary basis. It is probably for this reason that Russia has successfully kept out the economic depression. But there is the danger of destruction of personality for which the only way of escape seems to be to give up large scale industry and concentrate more on cottage industries such as exist in Belgium, Holland and Switzerland.

We are indebted to the *Calcutta Commercial Gazette* for the account of this discussion.

A few remarks of our own will be in place here. The question whether Communism in itself is going to retain its pristine purity is doubtful. The recent tendencies and events have been almost in the nature of a reaction from the originalism. The loosening of the unbending doctrines of the

first Communists in Russia has been going on at a rather rapid rate. The latest and in a sense, the most startling event is the announcement of constitutional reforms in Russia by Molotov. Once the need for constitutionalism is realised, the revolutionary idea is doomed. When such is the case, it is surprising that it is claimed that Capitalism is stealing the thunder of Socialism without acknowledgment. On the other hand Communism is unacknowledgedly becoming Liberal in character. This too is but a retort and retorts do not solve problems. What is true is that the need for change is realised by all and what form it should take is the problem. A mistake, commonly made and repeated by all enemies of the present economic system is that it is an ally or it is hand in glove with Imperialism. All impartial students of history will admit that the economic system has nothing to do with Imperialism but the strong current of aggressive and intolerable Nationalism in modern times, that is responsible for the Imperialistic menace. In fact it may be said to the credit of what has come to be called Capitalism that it has drawn the entire world into international interdependence. When anything is done by the jingoes of politics to snap the thread of the growing economic internationalism the hit is rather hard to bear.

The fundamental problem is 'Is society to be reformed with a view to giving an equal place to liberty as well as equality, allowing neither to get the better of the other or equality to be pushed to its logical extreme?' The neo Liberal will prefer the first, the Communist will assent to the latter. The psychology of human nature, which must alter all govern all theories of the social sciences, leads one to think that the former is the wiser alternative and that, even if for a time one can strangle the idea of liberty, it cannot be for long. For man will, in the long run, revolt against his being turned into an automaton.

Rural Indebtedness.

Mr V Ramdas Pantulu presided over the Anahra Desa Conference for Relief of Rural Indebtedness, held at Bezavada on the 12th May. As is to be expected from a life long student of the Co-operative Movement, that Mr Ramdas's speech is an able exposition of the problem. The measures of relief are the most important, and we extract here the paragraphs dealing with this aspect of

the question. The objections to the proposed relief measures are also anwered.

CONCILIATION OF DEBT

Adoption of measures for the compulsory conciliation of existing debt so as to scale them down to the extent of the debtors' capacity to repay is, I think, a very necessary measure of relief which is called for in the abnormal conditions created by the acute economic depression. There seems to be much scepticism about the chances or success of such a scheme. We are however not afraid to write on a clean slate. The experiment is being tried at least in one province in British India, namely, the Central Provinces and in some Indian States. A review of the working of one of the debt conciliation boards in Central Provinces, namely, Khurda Debt Conciliation Board recently issued by the Central Provinces Government is a very interesting document. The review says that during the period of a year and a half covered by it 2704 applications involving debts amounting to Rs. 3067 lakhs were received. Certificate under section 13 (1) of the Act declaring that the creditors had unreasonably refused amicable settlement were issued in 901 cases of debt aggregating to Rs. 1296 lakhs. This means that these debts will not carry any further interest and that the creditors will not get their costs if they go to Court. To that extent it is a tangible means of relief to the debtors concerned. The review goes on to point out that agreements under section 12 (1) between creditors and debtors were executed in 1693 cases for debts aggregating to Rs. 101 lakhs and that debts were conciliated for a sum of Rs. 857 lakhs, resulting in a remission of 42 per cent of the demand. It is further pointed out that even in regard to secured debts, 20 per cent had come under agreement. It is also reported that a certain amount of private conciliation of debts has been carried out in the area owing to the moral pressure of the atmosphere created by the existence of conciliation board. The Government of the Central Provinces proceed to say that there is no evidence to mislead the opinions of the Board have resulted in a appreciable reduction of agricultural debt for current needs. The experiment tried in the Bhavnagar State under the guidance of Sir Prabhu Sankar Pattani is another in tance of the success of a debt conciliation scheme. The review doubts the efficacy of such a scheme as a means of relief of agricultural indebtedness especially if Government of Madras will help revise the opinion in the light of facts disclosed in the review of the Central Provinces Government and the Bhavnagar experiment. I hope and trust that the predilections of our Local Government will not be allowed to influence their decision in regard to the matter and that the Debt Conciliation Board introduced into the Council by Dr. Vanajaiah and T. A. Ramalingam Chettiar will be allowed to be placed on the Statute Book at the earliest possible opportunity.

CONCILIATION OF CO-OPERATIVE DEBT

It may be asked whether co-operative institutions are to be exempted from the operation of such schemes by which their loans would be scaled down, because they have been lending at a nominal rate at distinctly lower rates of interest and in the deal may be associated in respect of

their loans to their members. It cannot be said that in Madras co-operative societies are in all cases lending at a lower rates than private money lenders, particularly agricultural money lenders, especially where land is mortgaged. Moreover, high rates of penal interest have been charged in default by co-operative societies and loans have swollen by such additions to enormous size in some areas. Again, it will be creating bad blood between our institutions and private credit by an invidious distinction between the two especially where there had been no foul play by the latter. If, an understanding has been arrived at that here the reserve funds of co-operative societies could be utilised for the purpose, thereby a conciliation would work in co-operative institutions. So after all what should the opportunity of ridding off bad debts be lost by co-operative society. I therefore unhesitatingly advocate co-operative credit societies (as must all) come under debt conciliation operation.

PROTECTION OF OWNERS

Some further statutory measures of relief are called for to deal with the situation created by the abnormal conditions now prevailing. Suspension of Court sales of agricultural land at very low prices which now prevail and issue of protection certificates to agricultural debtors during specified periods of pending debt conciliation operations are measures, which must be said to be necessary and called for under the present circumstances.

Those who object to such measures of relief to indebtedness urge various grounds against their adoption. I shall deal with two of them which are pressed with great vehemence, and which are also specifically referred to in the memorandum of the Special Officer—

(1) It is said that measures of the nature suggested above destroy the sanctity of contract between the creditors and debtors. It is true that no relief can be given to a debtor unless the creditor foregoes or is denied a part of his "legal" claim. But it cannot be denied that the contracts between the creditors and debtors have undergone serious modifications to the prejudice of the latter by the effect of fluctuations in price levels, curtailment of incomes and other causes beyond their control. As a result of these factors the burden of the debt has greatly increased, to the result of the debtor and no more on the creditor. And there is nothing in justice equity or good conscience to compel the enforcement of the contract in their entirety to the disadvantage of the debtor and to the advantage of the creditor. Such sanctity as there is a mere "legal" sanctity created by an Act of Legislature and not "moral" or "practical" sanctity based on divine law. A change in the law will invest one party with the same sanctity as that which attached to the old law which is repealed or modified. Law must undergo and had undergone in all ages and systems, modifications in the larger interest of the public.

(2) The other objection raised against measures of relief to debtors is that they will result ultimately in restriction of credit to agricultural and thus operate to his disadvantage instead of being helpful to him. I am unable to agree with this view. There is no reason to credit on principle

terms not flowing through usual channels simply because moneylending is regulated or power of putting an honest debtor in jail is taken away or salaries and wages which are absolutely necessary for the bare sustenance of the debtor are exempted from attachment or debts which are piled up by addition of compound interest and other extortionate claims are sought to be conciliated and pared down. The Central Provinces Government

have said that debt conciliation operations in the province have not, as a matter of fact, restricted credit. Credit is advanced in the hope that in the majority of cases, it will come out of the industry for which it is advanced and repaid because it will benefit the borrower himself to do so, and not merely because stringent powers of coercion to effect recovery exist on the Statute Book.

Recent Economic Publications.

The Breakdown of Money.

By Christopher Hollis. Pages 232. Messrs Sheed & Ward, London.

Economics shares with Theology the unenviable distinction of being the favourite haunt of amateurs. Salvation and Soul are matters of common interest to every body, and so are wealth and poverty. The intrusion of amateurs into the field of economics becomes more pronounced when the economic system fails to function well as at the present time and economists themselves are not agreed either on the diagnosis or on the remedial measures. The branch of economics dealing with money, banking and foreign trade seems to exercise a special fascination for the amateur and the result is we have a large and formidable army of well-meaning disinterested but ignorant 'cranks' and heretics as Mr Keynes has labelled them. The book under review is it is feared a production of one of the members of this army.

The main thesis of the work is an attack on the Bankers to whom Whenever money is invented, a percentage must be paid for ever afterwards as a propitiation (page 212) who are responsible for the system of loans and debts which is the condition without which we cannot produce a single one of the necessities of life. The very new born babe is born a debtor into the world (page 223). With this guiding idea, the author examines the financial tripod on which the modern economic system depends—

- (1) A monetary standard
- (2) Bankers' credit
- (3) Investment of capital at home and abroad.

According to the writer of this book there is no need for a metallic standard; the Bankers have usurped the sovereign rights of the State to issue money and the system of international loans is a serious evil which has grown up merely to enable the financiers to make profits.

One would readily agree with the writer that a metallic standard which as he points out by no means guarantees stability of prices (pages 39 and 128) is a thing that may well be dispensed with and some more rational standard established in its place but his attack on the metallic standard is vitiated by his demand that Government should issue money evidently without any limitation. He is opposed to the system of Bankers' Money, since he believes that it is calculated to prevent mankind from enjoying the fruits of abundance (pages 104 and 115).

The most characteristic of the writer's views relates to the system of international lending which

he connects with the doctrine of *laissez-faire*. He condemns the system in strong terms, and quite legitimately lays stress on the fact that frequently the needs of home industries have been overlooked in favour of foreign borrowers. It is also true that the system postulates continuity of loans if the trade and monetary relations of the lending and borrowing countries are to be maintained without a jar. Protests have been raised from other quarters against this system which involves a nominal increase of wealth of the lending country without a corresponding rise in the standard of life. There is certainly a need for a more rational system of investment of capital with a proper balance between the needs of industry at home and abroad. It is also true that in a number of cases the loans made have either not realised the expectations of the lenders or were made through financiers who deliberately ignored the probability of default.

The writer deplors 'the loan-minded mentality of financiers who get into a state in which they feel that the world is normal when there is a lot of international lending going on and abnormal where there is none' (page 181), and he believes the abnormal loan-period is passing or has passed; the normal self-supporting period is coming or has come' (page 140). At the same time he seems to be rather inconsistent since he suggests elsewhere that the only way to cure a slump would seem to be to arrange a programme of large co-ordinated lending to lend simultaneously to every sort of producer so that every sort of new commodity will be thrown on the market, while at the same time there will be increased purchasing power in the pockets of a large number of consumers' (page 118).

The author is, therefore, not opposed to lending but only to control of loans by others who lend on a system of their own and wants that lending should be worked on his principles. He does not carry, however, the principle of creation of more purchasing power to be placed in the hands of the consumers to the logical conclusion to which the Douglasite carries it: distribution of additional purchasing power all round in the form of a consumers' dividend.

In conclusion one can certainly agree with the author that 'fundamentally our problem is one not for bankers nor for politicians nor for journalists but for schoolmasters. Our troubles and absurdities come not from the wickedness of bankers but from the public's utter lack of understanding of the way in which the world's financial machinery works' (page 102). He desires that it

the teaching of history stress should be laid on the monetary factor so that a public opinion will be produced which will refuse any longer to consider fluctuations of prices and a chronic deficiency of purchasing power as calamities which are believed to be inevitable (page 102). We can all heartily agree with the author when he says that it is a serious scandal that any educated person should be allowed to remain in ignorance of such things (page 103).

N S SUBBA RAO

Soviet Economic Policy in the East

By Violet Conolly Pp 168 (OUP 1933)

This is a detailed and carefully documented monograph on a very important aspect of the policy of Soviet Government of Russia. The world is familiar with the dual aspect of Russian aims—economic transformation at home and spread of Communist principles abroad. So far as the East is concerned very soon Soviet Russia realised the practical impossibility of exercising a predominant political influence on its destinies and turned consequently to secure economic advantages (p 14). She accordingly is seeking a market for her manufactured goods and we are given in this work an account of the commercial negotiations with Turkey, Persia, Afghanistan, Mongolia, Tana, Tuva, Sinkiang etc. In the case of all these countries the aim is to increase exports of manufactured goods and obtain a supply of raw materials. But the emancipation of Soviet industry from foreign sources of raw materials is now one of the great objectives of Soviet Planned Economy. If these plans succeed it is difficult to see on what basis of exchange trade between the USSR and countries like Persia, Mongolia or Afghanistan chiefly exporting raw materials such as cotton, silk, and wool could be continued though it must be admitted that these are very hypothetical

considerations at the present time (p 11). It is feared Soviet Russia like other States committed to extreme economic nationalism desires to export without importing a relationship that can hardly be supported on commercial principles. One result of Russia's trade with Eastern countries has been to introduce to these markets many new commodities like cement, pharmaceutical chemicals, perfumery, macaroni, soap, rubber goods of all kinds, metallurgical products and electric equipment. The Soviet Government has also attempted to capture the Eastern market for Soviet textiles, but although competing foreign products have been displaced there is every possibility that in a country like Persia which has produced enormous amounts of cotton home production may soon replace Russian imports. This possibility is borne out by the fact that imports of Soviet cotton textiles fell from 21,259,000 roubles in 1930 to 10,490,000 roubles in 1931 and down to 8,600,000 roubles in 1932 (p 73). Of course some correction of these figures is necessary on account of the fall in prices but the tendency cannot be mistaken. It is understood also that the Shah and the present Persian Government attach great importance to reducing this item of foreign expenditure and creating a home industry with Persia's raw material (p 73).

The broad lines of Russia's policy are clear and as has been remarked its aims in this respect do not greatly differ from those of British policy (p 11). Aggressive industrialism leads to economic imperialism whether the basis is Capitalism or Communism and the interests of backward countries can be safeguarded only by bringing national policies whether capitalist or communist within the regulating framework of an international order in which the interests of the small shall weigh equally with those of the large political units.

N S SUBBA RAO

Japan and the Sudan Market.

The development of Japan's exports to the Sudan was referred to by Mr G. A. Contomichalos at the annual meeting of the Sudan Chamber of Commerce. The total imports of the Sudan in 1934 amounted to £E3,744,313 and of this total the United Kingdom's share was £E972,698 or 26 per cent of the trade while as regards the Sudan's exports the United Kingdom's total was £E2,084,116 out of a total including re-exports and transit trade of £E3,821,415 or 54 per cent. But in the case of Japan as Mr Contomichalos showed it is practically a one-way trade as far as the Sudan is concerned. Last year the imports from Japan rose to £E754,687, or 20.1 per cent of the total, while the Sudan's exports to

Japan only totalled £E50,469 or 1.3 per cent. In view of the efforts that the Sudan is making to obtain new markets for produce it is not surprising that this anomalous position should receive attention. The attitude of the business community in the Sudan was aptly summed up by Mr Contomichalos who said he could see no reason why they should fill the coffers of Japanese industries.

When there is so little we can sell to them or rather they take so little interest in increasing their purchases from us. As a matter of fact this one-sided character of Japanese competition is common throughout the Near and Middle East markets, as, for example, in the cases of Egypt and Iraq.



Books in Brief

Short Reviews of Recent Books

Guide to Life Assurance.

By J C Mitra FRS FRES Professor of Economics and Commerce Vidyasagar College Calcutta Published by the *Insurance and Finance Review* Office 14 Clive Street, Calcutta. Price Rs 3

In insurance, as a business forging ahead in this country Companies are multiplying while agents, expert advisers, actuaries and helpers are increasingly required. The fact that the volume of business has increased by 500 per cent and the life fund by about 600 per cent during the ten years shows the enormous strides that Insurance has taken in India. While Insurance is taught as a subject in business or commercial schools it has a college devoted to it in Calcutta. The number of journals dealing with Insurance are also being rapidly added and the more important thing of providing textbooks suitable to Indian conditions has been earnestly taken up thanks to the energetic step taken by the *Insurance and Finance Review* Office of Calcutta. Credit is due to the conductors of this *Review* for inducing Mr J C Mitra to undertake the writing of a compendious text book of the type no under review. Mr Mitra has done his work in a manner worthy of praise. A text book should be if anything planned from the learner's point of view and presume little or no knowledge on his part. Thus exactly how Mr Mitra has performed his task. Theory and practice is judiciously combined in his book which has no doubt will prove itself worthy of the attention of both learners and teachers. The Insurance field is a broad and varied one and it is a pleasure to find a book and we would be happy to place it in the hands of the learner for the library reference library.

Timothy Healy

MEMOIR BY DAVID MCGOWAN

By Sir Dunbar Plunkett Barton The Talbot Press Ltd 69 Talbot Street Dublin Price 3s 6d net

In the long history of Irish politicians in the Parliament none is more remarkable than Mr Timothy Healy the first Governor-General of the Irish Free State. There have been able men there have been more powerful personalities there have been more enduring figures in Irish history. But it is to be doubted if any Irish member of the British Parliament has had a more interesting career than Mr Healy. The late Mr Healy was known to be not only a serious politician but also a man of boundless wit and humour. In the very enjoyment of his humorous dissolutes any bitterness that his opponents may leave behind him had been left in his ready wit. It is doubtful if he would have left an unpleasant memory behind him.

Sir Dunbar's book gives us a series of anecdotes and memories which serve to show to the reader Healy the wit and humourist. The whole book is strewn with numerous anecdotes all of which are so full of humour that if it were possible, we would share them all with our readers. But that cannot be and therefore we would like them very much to read this small book, which throws a flood of light on the brighter side of one of the most interesting personalities of Anglo-Irish public life. Anyhow, we cannot resist the temptation to give at least two anecdotes here. Once, when one Mr Tom Quinn reappeared after his having had been responsible for the defeat of his party in a fall of a lobby and minor accident. Tom Healy greeted him with a couplet.

Let Ireland shout let England quake,
Tom Quinn is awake Tom Quinn awake.
Now another instance and thus time in Sir Barton's words. On one occasion, when Healy was a guest at a party before Baron Downe, the Judge interrupted him with the question 'Do you go to sleep through your books Mr Healy?' No Sir Lord replied Tom for Blackstone declares that the law is a lady that loveth to lie alone.

Modern Birth Control Methods.

By G Ryley Scott Messrs John Bale Sons and Danielsson, Ltd 83-91 Great Titchfield Street London W 1 Price 7s 6d

Thanks to the ceaseless activity of the eugenists, all the world over birth-control is increasingly recognised to be a much needed method of social regeneration. When once the theory of birth-control is accepted as sound and sane, the question automatically arises as to which are the methods to follow. Mr Ryley Scott's book attempts to give an answer to this question. He describes all the available methods of control and their respective merits and defects. Such a book is very much in demand as the layman must keep himself well informed of the methods of contraception, and must effectively practise it. The public are to be deeply thankful to Mr Scott for placing in their hands an invaluable text book of the technique of contraception. Intended at times for the ordinary reader it is most valuable and conclusively written.

The last remark of ours needs to be further explained. When we say that this book states simply and writes conclusively we do not mean that the book offers readymade solutions for all its heartening that there is nothing here of the type of a specific for all fever and diseases. The author has not allowed the psychological and physiological differences to be lost sight of even for a moment so they play the most prominent part in sexual matters. The need for a trained expert to guide the pair that need contraceptive help is rightly treated and the result is a

book that remarkably free from the fanaticisms affirmations and negations of common books on birth control.

One weakness of Mr Scott's must note. In the anxiety to take a detached and impartial view of the method he errs on the side of scepticism and doubt. He seems to belong to a class perfectly honourable that is too cultured to have convictions. But he is afraid that in social sciences he cannot afford to take up that attitude of philosophical scepticism though in other worldly matters such a frame of mind is to be highly commended. With this reservation, we commend this book to all men and women who in these days—times needlessly to tell—sorely want some guidance on this essential matter that concerns the life and happiness.

Progressive India.

Edited by D. R. Murdeshwar, Radha Nivas
Old Court Road, Madras. S. I. d. a. Annual
Subscription—Inland Rs. 5 Foreign Rs. 8 or 12s.

This new journal from the West Coast proposes to carry out the deals of New Liberalism or neo Liberalism. It does not belong to an political party but it aims at a largely those of the common Liberal of England. Who is a New Liberal? A New Liberal in our opinion, will be careful in the discharge of his social responsibilities following them more or less on Social lines though not labelling himself as a Socialist. He will be glad to obtain a few desirable ends held the Socialist seeks to "gain but with all constitutional methods. He is opposed to what is called direct action and is averse to nationalization schemes which contemplate the levelling of the rich and the lessured few, the proletariat.

But a hard and a due compensation for the expropriation done. He is a believer in the efficacy of leadership and gradualism. We cannot but hope for a more wholesome summing up of the aspirations and deals of the New Liberal. The more thoughtful of the men of the world are every here hanker for a health and sound Liberalism. We are glad that in these days when Liberalism and Liberals are objects of contempt and hatred a new journal is to be started with a view to reaffirming the fundamentals of the Liberal philosophy till the chances needed to meet new circumstances that have now arisen.

The first issue of this monthly contains some interesting articles by Dewan Bahadur K. S. Ramaswami Sastri and his revered father Prof. K. Sundarama Aiyar are among the contributors. We wish this new journal all success.

Bright Careers

A Monthly Journal devoted to the cause of the rising generation. Edited by K. S. R. Acharya, 108 Armenian Street, Madras.

Unemployment stares us in the face rather more only in this land. While nothing has been done by the authorities to prevent the growing number of suicides in this country some journals are started that profess to guide the unemployed youth. But they are afraid that no good can come to the unemployed out of the journals. These journals serve only to solve the unemployment of some men and offend others. One such is this monthly. We are

sorry that it has no word of commendation for this journal. We feel that in these days of stress and severity money spent on such periodicals is almost a waste.

The Mysore Arogya.

A Quarterly Popular Health Bulletin Published by the Department of Health, Mysore State.

The successive issues of the bulletin that have been sent to us supply a long felt want. Such popular exposition of the diseases and health-guides are necessary everywhere and more so in this country where so many causes have conspired to bring about a state of lamentable ill-health and ill sanitation. Therefore it is that we welcome the publication of these bulletins by the Mysore Department of Health. A good feature is the vernacular—Kannada—edition of these pamphlets. We have no doubt that they will go a long way towards the education of the public of the State in the matter of health and sanitation. We wish the bulletin all success.

The Dignity and Rights of Labour

By Cardinal Manning. Messrs Burns Oates and Washbourne, 43, 44 & 45, Newgate Street, London, E.C. 1. Price 2s. 6d.

The Catholic Church has some definite views on social matters and on religious. The Pope has used his encyclical which expounds what the ongoing reputation of Jesus Christ thinks on the various topics of social and economic interest that crop up every day. It is a statement of fact and has more than while the Pope's orthodox religion he is conservative but excellent in his undoubted things. One such encyclical is the subject of an exposition by Cardinal Manning in this book.

Cardinal Manning belongs to that great group of English Cardinals who are named to be respected more for their character than for their positions. This book contains a reprint of the lecture on the dignity and right of labour delivered at the Leeds Mechanics Institution on the 28th January 1874. When first delivered it created a great impression. Reading this again to-day we are struck with the role of the labourer which is the supreme characteristic of that utterance. It is couched in language of great power and beautiful which considerably add to the force of the address.

Other letters and minor essays are here given only to explain the position of the Cardinal.

Whether one agrees with the learned Cardinal or not one is bound to read some refreshing language in these pages. Hence the appeal.

The Making of the New Constitution for India.

By Rama Varmha. Printed at the Industrial School Press, Ernakulam. Price Re. 1.40 or 2s.

Mr Rama Varmha's book attempts at an explanation of the Indian Constitution as outlined in the White Paper. But since it was published, the Joint Select Committee have reported and on the recommendations the Government of India Bill has passed two stages in the House of Commons. Mr Rama Varmha is not of course forgetful of the fact that when he wrote the book the subject was yet to be discussed by the Parliament. In this second part of the book, he proposes to discuss the final evolved Constitution.

We feel that Mr Rama Varma might have waited till the end of the whole drama to write on it for the Joint Select Committee of the Parliament and the final Regulations would have changed almost the entire aspect of the White Paper proposal that the first part will serve no purpose at the end of it all except probably for historical reasons.

Thus of course does not detract from the merit of the book with us. The author has taken great pains to expound the White Paper Committee for which he deserves credit. We commend the book to all as an able exposition of the embedded that Comm and Paper

Lights of Asia.

B Sardar Ikbal Al Shah, Messrs Arthur Barker Ltd, 1 Garrick Street, Covent Garden, London. Price 12s 6d.

As an introduction to a study of comparative religion this book of Sardar Ikbal Al Shah deserves high praise. Mr Al Shah has the qualities essential for a student of comparative religion—no prejudice and sympathy. Islam, Judaism, Christianity and Buddhism are here explained and elucidated to the beginner. The study of religions. The author displays a fairly accurate knowledge of all the religions. He also shows a sympathetic imagination in that he allows his personal predilections to remain in the background thus enabling the reader to get a dispassionate account of the religions. I praise his description of religions, other than his own, displays a certain amount of impartiality commendable. We do not know of any other book that picture to the reader a true and unbiased religious than this one.

Not satisfied with a categorical statement of the ideas and deal of the five great religions. Mr Al Shah has extracted some portions from the sacred books, those extracts really help the reader to come into closer touch with the great paths to reality. The book offers a chance to the beginner to choose freely in the good from the philosophy represented in this volume.

Only one thing could I like to add to the criticism. This book is a little inadequate to the scholar. It is only the beginner who will find it valuable in trust. However, there is one thing to feel that a book ended for the beginner. We can understand why it is so. It is a real treasure to be read and not a book to be read.

Krishnamurthy.

Verbatim Report of Talks and Lectures. Quoted in Itala and Narayana. The Hindu Trust, 11, Victoria Road, Adyar.

It has been our great pleasure to read the pre-reviews of Krishnamurthy's talks. The general nature of his thought and the presentation of the good of mankind. In the opinion of the reviewer Krishnamurthy serves the much needed corrective to the self-opinionatedness common to all the religious leaders that have so far appeared. In fact it is his mission to life to the people of the earth and the ideas. The entanglement that has been the result has been responsible for the degeneracy of humanity. Thousands of years ago a great man arose in ancient Greece to quench the man's intelligence and to awake thought in them.

About the same time in the forests and the court of Huxthian, a set of teachers began to enquire upon the nature and import of the eternal verities of life. Since Socrates spoke since the Upanishads had teachers talked humanity have been content to learn to obey rather than to think. By a curious enigma or irony of psychology it has become a fashion in the long history of man to seek refuge in other people's thought to find evidence in other people's wisdom and to be comforted in the ideas and ideals of other men. Artificial barriers have been created to divide between the spiritual and the material. We can appreciate a man's understanding and even admire the thought of a great man but we can never pardon the craving to believe in the infallibility of individuals. Like Socrates, like the sages of the Upanishads there no comes Krishnamurthy who would want us to think for ourselves.

The most prominent feature of Krishnamurthy's hatred for any system of thought. The very idea of a systematized thought is abhorrent to the believer in the capacity of every individual to solve his own way. It is beyond doubt to him that systems of thought enslave men. The religious life has to be lived every one by his own efforts as much as an artist lives his. The grand conception of art for art's sake which has ennobled and elevated the souls of many poets, painters and musicians is to be taken body and soul into religion. There are many books that describe the technique of painting but merely learning technique will never make you a creative artist. Only when you stand entirely alone without technique without masters only then you can find the truth.

If truth is there, it expresses itself. A great poet has the desire to flourish for creative thinking and he tries. If you have the desire you learn the technique. So in the opinion of Krishnamurthy is not the technique that matters but the desire and the desire is to be unkindled by an awareness. We take these words for it is pregnant with associations and ideas. Krishnamurthy thinks.

When in the midst of suffering you try to find out the significance of suffering when you do not try to escape from it, when you arrive at a decision—not born of choice but of action itself—then you really become aware. He attacks mercenary desire to escape and to find comfort and security. Other people or books. To him immortality is not personal but the reality.

He finds the ecstasy of the finite meditation in common practice but the expression of the need to close doors to restrict this is always found in ordinary men. But the awareness of existence is a different matter. Krishnamurthy says the joy of meditation. Determined what is needed not self-denial. Truth and actual life are not antagonistic to each other. If our ordinary life could find out the actual life it would meet the need. The experiences the sufferings of life lead the way to the actual life. Because practical life from impractical truth. Because we do not meet with experiences. If we are not emotionally because we are not capable of doing that we separate the ideal and practical action from the idea of truth. He adds a nut shell is this. I say do not seek a way a method. There is no method no way to truth. Do not seek a way but become aware of

the impediment. Awareness is not merely intellectual, it is both mental and emotional, it is completeness of action. Then, in that flame of awareness, all these impediments fall away, because you penetrate them. Then you can perceive directly, without choice, that which is true. Your action will then be born out of completeness, not out of the incompleteness or security, and in that completeness, in that harmony of mind and heart is the realization of the Eternal." What a wholesome and invigorating message to a sore pressed and self-distrusting world unable to choose between contrarious hypotheses and the apparent contradictions of spiritual and material elements of life!

We do not wonder that Krishnamurti evokes much criticism. To dare to think differently from the whole host of great men, to think of an entirely new method of approaching the problem of religion and more than all, to ask people to violently shake themselves off the lethargy into which they have fallen for centuries—these are not palatable especially to vested interests for they are as much to be found in the religious field as in the political or the economic. But with the growth of education and the advancement of learning and culture it is possible that the mental attitude of this young prophet will arrest the attention of thinking men. In current philosophic phraseology we cannot characterise Krishnamurti for there is no system of thought that emanates from him. That is why we have preferred to borrow a phrase from the social sciences and call him a philosophic anarchist. It seems to us that we are guilty of no exaggeration when we say that Krishnamurti is perhaps the most original thinker in the field of religious philosophy that the world has seen in modern or in modern times. We would take this opportunity to appeal to all those who can read and understand well written English to buy these talks and to go into the spirit underlying the ideas of this rarest of men now living.

Teachings of Sri Ramakrishna.

New Edition The Advaita Ashrama, Mysavat
Almora (UP) Price Rs. 1-12 0

- Sri Ramakrishna Paramahansa is one of the God-intoxicated men who appear often and often in human history. It is a matter of great dispute whether the visions and traces of Sri Ramakrishna and those of his kind are to be classed as the extravaganzas of highly strung emotional and nervous natures or the natural consequence and even end and aim of religious training. It is noteworthy that Gautama Buddha rose as an agnostic, deep and devoted contemplator. Confucius came to the conclusion that ethical perfection is synonymous with the highest religion. Sankarā arrived at the conception of an attributeless Brahman. In contrast with these three great religious teachers, Jesus Christ, Mohammed and Chaitanya began to feel a sort of mystical Bhakti towards the Creator. It is not far to stretch judgment for ordinary men on the varieties of religious experience of these undoubtedly great men. But the reviewer may be pardoned if he hazards the opinion that the realization of the Infinite is not to be had along only this way or the other. The Jnana Yogi is not wrong if he thinks that the other worldly traces of the Bhakti Yogi are sincere

illuminations nor is the Karma Yogi likely to think that the path of knowledge or the path of devotion can have the same soul-satisfying thoroughness as his method. All these may be regarded as incapable of taking a man to religious perfection by the Raja Yogi who may concentrate on getting psychic powers as evidence of God's grace. But a close and careful study of the Bhagavad Gita teaches us that none of these methods will bear fruit unless it is followed by severe mental discipline and culture. Evidence is not wanting that go to prove the unnaturalness in which the Bhakti Yogi and the Raja Yogi demoralised themselves. In fact nothing is more characteristic of the Bhagavad Gita than the mental equilibrium demanded of the *Sri Nityananda* Bhakti taught in the Gita is certainly not the excessive emotionalism of some of the Devotional schools of medieval India. We do not mean to disparage the worth and genius of Sri Ramakrishna Paramahansa, when we say that temperamentally he belonged to the Bhakti school of the medieval type. Of course in argumentation he is at every intellectual who talked with him, though he always talked in Vedantic style to shake himself off from the devotion to a personal God the conception of whose Motherhood and so strong a fascination for him. There is an element of mystery surrounding the spiritual story of such souls as Sri Ramakrishna who shed out the Absolute and hark at the same path. We confess we may still be in the dark, but we feel that the Saguna Brahman stage is transcended and one has to begin with an uncompromisingness even from the start. We have a vague suspicion that a similar thing must have been in the breast of the great intellectual Jnanu Vivekananda when he sternly refused to have his disciples even to worship the figure of Sri Ramakrishna in the Advaita Brahman at

Whatever that may be still it remains true that Ramakrishna is one of the greatest religious figures of humanity. Like Jesus Christ he talked simple and homely language and explained himself by means of parables. Somebody wrote of Emerson as a caveman in modern clothes, but Sri Ramakrishna was a caveman in the modern age living in the most modernised city of India with a certain class of life. This unlettered dozen of the 19th century which he pre-eminently was like was able to make a true religious impact and exist in the minds of all whom he met. To have influenced personally such persons as Chunder Sen and Swami Vivekananda and paper on all Max Muller and Thomas Arnold is an achievement perhaps unequalled in religious history.

The Advaita Ashrama is to be congratulated and thanked for having placed within the reach of us all a representative collection of the important sayings of Sri Ramakrishna. It is no exaggeration to say that they deserve a place on our shelves along with the *Bhagavad Gita*, the *Dhammapadam*, the *Tiruvalluvar*, the *New Testament*, the *Imitation of Christ* and the *Meditations* of Marcus Aurelius. We earnestly hope that educated men in the East and in the West will buy and cherish this volume of Sri Ramakrishna's teachings.

Foreword to Selections from the

Peshwa Daftar

By Sri Jadunath Sarkar M.A. CIE. The Government Central Press Bombay Price Rs 2

In the *Annals of Indian Historical Research* the latter part of the nineteenth century was the formative period and the twentieth has been a time of expansion and reconstruction. Owing to the development, the discovery, editing and publication of *Selects from the Peshwa Daftar*—a volume of which are reviewed in these columns—recent years under the auspices of the Government of Bombay has been an outstanding feature. Thus *Foreword to the Selects* from the well-known pen of Sri Jadunath Sarkar is the primary as an appeal to the public for the financing the undertaking during 1933-34 at a time of financial trouble for the Government of Bombay of considerable value to students of history from original source. A admirable introduction to the volumes of the *Selects* is contained in a decriptive account of the progress of research in Marathi history in general. Sir Captain Grant Duff wrote and of the valuable work on the Marathi documents the Peshwa archives in particular unearthed by Mr G. S. Sardesai and his staff of experts. We commend the *Foreword* to all the workers in the field.

Sri Aurobindo and the Future of Mankind.

By Adhar Chandra Das Published by the University of Calcutta

There is only one modern Indian thinker in the field of philosophy who can claim to have evolved a system from which that Sri Aurobindo Ghose. While others have been content to expound or modify the existing systems the most intellectual of them all has constructed one of his own. There one other thinker who has made an epoch-making contribution to the thought of the world. Krishnamurti is great not for his system of thought but for his exposition of the utility of an system.

This book is divided into four chapters. The first discusses the methods of knowledge—reason and intuition. It has been a long standing dispute between scholars whether reason and intuition are contradictory or complementary. Sri Aurobindo takes the view that they stand as poles asunder in so far as their intrinsic function is concerned. He bases his argument on the theory that the tendency of intuition is towards synthesis and the tendency of reason is towards analysis. It is firmly grounded to take on this basis. As Mr Das points out how synthesis is possible without analysis and there are philosophers who will take reason as the faculty of synthesis. Nowhere in the Upanishads as Aurobindo "do we find any trace of logical reasoning urged in support of the truths of the Vedanta. We do not know how Sri Aurobindo came to this conclusion especially in the *Bhagavad Gita* Upanishad and particularly in the *Brhad Aranyaka Upanishad* we find the most severe logical exposition of truths. Mr Das is right when he says that reason and intuition are really the two sides of a shield. We would rather take the advice of Swami Vivekananda, when he led us to reject intuition if it conflicts with reason and is perfectly right to say so

as much as all the great religious philosophers are ultimately based on reason. We have no doubt that reason leads to the cherished goal.

In the second chapter we get an exposition of the Realism according to Aurobindo. In spite of what Mr Das says we still hold that metaphysics is an attempted attitude towards philosophy and religion to ward off life. Religion is not dependent on metaphysics. Christianity and Islam do not indulge in metaphysics while Buddha and Confucius could reject it still we cannot leave the religions that name Sri Aurobindo criticises materialism as well as abstract spiritualism. Materialism is blind to spirit abstract spiritualism is oblivious of matter and leads to illusion. These are the two extreme theories of the world. One leads to eternal gratification and the other to eternal mortification. In a sense both materialism and spiritualism abstract on spirit are dualistic in that they make a rigorous distinction between matter and spirit. The rigorous materialism has no attraction for Aurobindo. He believes in unity but not duality. Vedanta according to him does not preach dualism. In his acceptance of monism of a type and rejection of illusionism Aurobindo's doctrine approaches the Bhedabhedha doctrine. Aurobindo will have nothing like brute matter every thing physical is also conscious. He cites the authority of Sri Jagadish Chunder Bose for his conclusions. We do not find anything strange in Aurobindo's enlogising Bose what he takes in the empirical procedure of Bose to substantiate his arguments? We do not think that Bose merely stops with a human analogy.

We would here stop to point out to Mr Das the danger of using English terminology. When we are told that Vedanta does not preach illusionism we would like to know what he means by illusionism. Is it the *Maya* of Buddha or the *Munja* of Sankara? We know that considerable controversy has risen up in confusing the one with the other. The branding Sankara as a Buddhist is a mistake. Further on page 41, Mr Das writes, "Illusionism does not find favour with Aurobindo. Abstract monism discards the world as a mere illusion which passes into nothingness at the state of perfection. Here we come upon a real difficulty. The *Upanishad* of Buddha has been remarked as a state of nothingness it might also be said that the *Vedanta* is a *Bhagavan* stage partake of the quality. Philosophy is abstract and abstract why make it still more so by elusive terminology?"

The application of this philosophy to practical life is next considered. The *Hatha Yoga* is discarded for the *Hatha Yoga* discipline is of departure from our ordinary normal life for it to be pursued and practised under the guidance of an expert under strictly restricted conditions. The paths of Jnana, Karma and Bhakti have the same defect as Hatha Yoga as they are of abstract and abstract ones and are exclusive and orphan. We feel that is a harsh and unjust estimate. As a matter of fact the Raja Yoga, which Aurobindo prescribes is to be condemned for all the reasons that he would advance against the Hatha Yoga. Really the only practical methods that would exclude rigorous asceticism and gross hedonism— which Aurobindo condemns—are the Jnana Yoga, the Karma Yoga and the Bhakti Yoga. Of course one need not compartmentalise these for they are in the ultimate analysis one. It is only the

temperament of the individual that would show a predominant tendency to any one of the methods.

The concluding chapter on the Future of Man kind assesses the worth of Aurobindo's contribution. He is compared with Bergson, Samuel Alexander and Nietzsche. With Bergson the insistence on the *la idéal* is as catastrophic in its results as abstract spiritualism. Matter is immobile to him. To Alexander evolution is for its own sake and not to serve a well defined end. But with Aurobindo matter is co-existent with consciousness and evolution is a means to a supreme purpose. Aurobindo develops the idea of a *Superman* so also does Nietzsche. But Nietzsche's Superman is a veritable Satan or Mara while Aurobindo's is a Christ or Buddha.

We heartily appreciate the work of Mr Adhar Chandra Das for he seeks to give us a reasoned exposition of the philosophy of a great system maker. We are glad that Mr Das has maintained a strictly scientific outlook in the treatment of the work of a great living individual.

Jamshed Nusserwanji

By Gurdial Mullick. *The Young Builder* Office Ram Bagh Road Karachi.

Like his more famous namesake Sir Phiroze shah Mehta Mr Jamshed is the maker of a great modern city. It is a piece of peculiar fortune to the Bombay Presidency that its two greatest cities—Bombay and Karachi—could each attract to its service a rare and devoted servant. Though comparatively young Mr Jamshed Mehta has won golden opinions from all as the model of what a Municipal Councillor or President should be.

Thanks to Gokhale and Mahatma Gandhi the need to spiritualise public life is increasingly felt and recognised. There is a halo of glory round the man who takes to serving the public with a spiritual fervour. Mr Jamshed was attracted by the noble idealism and religious fervour of that untiring humanitarian Dr (Mrs) Anne Besant whom he looked upon as his master. He imbibed the truly religious spirit from that remarkable lady and devoted his powers of mind and heart to the service of his city.

While we are sure that the ever active Mr Jamshed will continue to serve humanity in one capacity or other we would appeal to civic servants—official and non-official—to model their conduct upon Mr Mehta. To those who want to know Mr Mehta his aims and ideals this pamphlet will be highly useful. But we feel that this is not enough. A more comprehensive account of the work of Mr Mehta as a civic worker will be of use to the student of municipal affairs as well as to the actual worker in the field.

Handbook of Indian Company Law

By Indrasen Verma M.A. LL.B. Kotah State Rajputana. The Model Press Delhi. Price Rs 3 8 0.

On Indian Company Law are frequently being published in this country. If its industrial and commercial life is to be anything like what it ought to be Joint Stock enterprise should go up from day to day. Honest dealing careful handling of other people's money and the capacity to direct operations major and minor on behalf of those joining in an enterprise are the first requisites of successful joint stock enterprise. To achieve the ends in view not only a high standard of joint action is necessary but also a better training of the citizens in regard to it is necessary. One way of attaining the objective would be the teaching of Company Law in our Law Schools and

Commercial Institutes in a manner that might better subserve public interests than now. From that point of view publications of the type introduced by Mr Verma ought to be welcomed. This handy book deals with the subject in a comprehensive manner under the convenient heads of Incorporation, Administration and Dissolution. In a preliminary Introduction certain necessary matters of topical interest are dealt with and in the Appendices we have useful information on Procedure and Penalties, Registration Offices and Fees, Indian Companies Rules etc. Case Law is given but necessarily sparingly. We would commend the book both to students preparing for law examinations and to businessmen who are connected with the working of joint stock companies of any kind. The law is in every instance, stated clearly concisely and correctly and that ought to make the publication the more valuable from the point of view of both students and commercialists for whom it is mainly intended.

Intelligent Man's Guide to Indian Philosophy

By Manubhai C. Pandya M.A. BSC LL.B. Solicitor Bombay. Published by Messrs D. B. Taraporewala and Sons Co. Treasure House of Books, Hornby Road Bombay.

This is a laudable and withal a successful attempt to present the difficult and rather all embracing subject of Indian Philosophy in a volume of some 400 pages. Dr Ganganath Jha the well known Sanskrit Scholar and former Vice-Chancellor of the Allahabad University introduces it by a *Foreword* in which he says that it is written with care and judgment. It deals with the principles of Philosophy, Religion and Ethics as taught in the *Vedas*, the *Upanishads*, the *Bhagavad Gita*, the two Epics of *Ramayana* and *Mahabharata* and the Hindu *Sastras* in a general way. In subsequent volumes it is proposed to deal with the principles of Philosophy and Religion as taught in the several systems (or *Darsanas*) proper. The sectarian point of view has been avoided while pains have been taken to make the work thoroughly comprehensive and broad in its outlook. A point worthy of special note is that the author has tried to impress on the reader the catholicity of the Hindu *Dharma* and its capacity to adapt itself to changing circumstances. (See pages 16-22.) As indicative of the contents of the work we may state Book No. I deals with the Vedic Period under which the *Samhitas* and *Brahmanas* and the *Upanishads* are dealt with. In Book II we have the Epic Philosophy the *Bhagavad Gita* and the *Dharm Sastras*. The succeeding Books will be eagerly awaited.

Acknowledgment

The Mysore Agricultural Calendar 1935 Published by the Department of Agriculture Mysore. State. Price 2 As.

On the Part Played by the Industrial Fatty Acids Soaps in the Development of Optimum Detergency in Wash-up Soap. By Dr R. L. Datta and Santida Sankar Das Gupta. Published by the Superintendent Government Printing Bengal Government Press Alipore. Bengal. Price 1 anna or 2d.

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Currency Stabilization and Business Recovery *

By Dr T E Gregory

In the first of 1934 I was honoured by the Chamber by being asked to draft a memorandum upon the above subject as that had occupied again upon the present occasion. At that time it appeared as far as the world of at least temporary global had been reached the monetary affairs of the world. What seemed not necessary was the utilization of this satisfactory position to initiate discussion between the leading powers and by so doing to avoid the danger of relapse and the emergence of a new era of stability and localities. This point of view was endorsed by the Chamber and found considerable support in the financial press unfortunately the Government's failure to do the same on the course of the emergency until it was able to deal with the monetary problem in any clear and coordinated way. If the general situation thus rests on a principle that it was a year ago it has become modified in important respects since. First the clauses of the revised currency and tariff articles have been increased by the broad solidarity of the gold bloc in consequence of the devaluation of the Belgian franc and of the emergence of a silver problem of an acute kind due to the silver purchase policy of the United States Treasury.

In the second place the armoury of emergency at the disposal of Government is not the currency control over proceeds of the new London Equalization Funds are of greater significance than a year ago when the American Fund had been expected for barely three months. To the British and American funds there must now be added the Belgian one. In this respect the situation seen once placed a different outlook on the scene a year ago. A different direction of the emergency began to make itself felt. It is satisfactory that the Great Britain at least business position has become clearer and articulate. Our of so far of currency stabilization is one which is not even the receipt marks of Sir Percy Bates at the annual meeting of the Currency Council and of Sir Harry Jackson at the evening of the Imperial Gold Industries Ltd. It would be difficult to pretend that public opinion in Great Britain as a whole is satisfied of a solution as a whole result of a clear and direct—but at least a direct result of the consequences of the return to order of the problems of the old currency reorganization are becoming more fully appreciated. The business of Great Britain thus was in a case of a short while ago.

II

Rational discussion of the immediate and the necessarily turn upon the future of the gold standard and of the American gold both as concerns the gold value of the dollar and the dollar value of silver. But it is not possible to dispose of the various issues involved in connection with the role of the standard first referring to a matter which goes to the very root of the difficulties connected with any project of stabilization. The present is purely academic and of less practical importance. The concern is largely with the technical points of general public opinion on a reality concerned with the thing widely different. Before the technical difficulties the way of stabilization can be discussed it is necessary to deal

* A Paper prepared for the Inter-Allied Chamber of Commerce. Passed and forwarded by the Secretary.

with what may be called the general argument for the continuance of currency in stability the view, namely that a recovery from *cyclical depression* can be reached by means of a *general depreciation* of the external values of all currencies. This is really the fundamental issue involved but nevertheless astonishing though it may be this issue has never been submitted to rigorous analytical examination.

III

A distinction must obviously be drawn between the case of a single country in this respect and all countries taken together especially if the single country thought of suffered in the recent past from a relatively unsuitable parity of exchange. When Great Britain abandoned the gold standard she gained not only the advantages which might be held to accrue to any single country practising exchange depreciation but also the *special* advantage that she was henceforward freed from a parity of exchange which in the estimation of most competent observers hampered her in competition with the outside world to an extent which may have been as great as ten per cent. It is for this very reason that deductions based upon the experience of Great Britain are liable to mislead the case of Great Britain was in fact very peculiar.

For this reason it is desirable to deal with the case of a single country in the abstract. If a *single country* depreciates the external value of its currency then it is doing something of real significance. It enables its exports to be sold at higher prices in terms of the local currency. At the same time the very fall in the exchange which brings a higher return in terms of local currency to the export industries checks imports. Where exports constitute a large part of the total income sources of the country a fall in the exchange may in fact be the necessary condition for the maintenance of the level of the national income and it is easy to infer from this that because countries interested in exportation can in this way maintain the aggregate value of their national income what is true of a single country must necessarily also be true of all countries taken together. I venture to think that this particular deduction is open to serious question. A single country even one that is primarily interested in exports may find its calculations upset if at the time that it reduces the external value of its currency

the world price level undergoes a change. Where the single country in question exporting a relatively small proportion of the total world output of a particular commodity, it is possible that even though the fall in the exchange stimulates its exports nevertheless the result on the aggregate demand for the product in general may be such as not to cause any significant alteration in the general level of prices. But it is clear that if all countries simultaneously adopted the same policy the same result would not necessarily follow. The only effect of general depreciation in that case may be to leave them all in the same relative position as they were in before. The result may simply follow from the circumstance that in a period of depression the aggregate world demand for particular kinds of products is limited and the temporary stimulus of higher local prices simply results in a competition to flood the world market with the result that the world price level falls.

The truth is that the characteristic feature of a cyclical period of depression namely a disparity between costs and price level requires to be explained. It may be that these are right who allege that the trade cycle is purely a monetary phenomenon and that the proper method of overcoming such a temporary disequilibrium is a universal inflation. No doubt in order to carry such a policy of general expansion to purchasing power through it might be necessary universally to abandon any fixed parity of exchange although this is by no means so certain as it appears to some since a universal rise of prices is perfectly consistent with the retention of fixed parities of exchange but this is not the problem with which we are directly concerned. What we are concerned with is the suggestion that even in the absence of an expansionist monetary policy a mere fall generally in the external values of currencies will provide a remedy for universal depression. It is only on the assumption that exports and imports generally are a significant fraction of the total national economic activity and on the further assumption that a stimulus to economic life in general can therefore be given by increased activity in the export industries that the theory now under examination gains any plausibility at all.

Looking at the matter objectively it is clear, firstly that even granted the general

significance of the export industries, there is the danger that prices may fall rather than rise. There is the difficulty, secondly, that it is not true in all cases that exports are a significant fraction of the national economic life. Even granted the complete truth of all the assumptions previously stated however, there is the further difficulty that in the modern world the experiment is not allowed to work itself out. The truth is that whatever chances depreciated currencies may have of stimulating economic activity at all they have been seriously interfered with by the simultaneous growth in the volume of quota and exchange control legislation. The result is a cumulative interference with the effects of the measures taken in the currency field. The final result of currency depreciation in the modern world has not been a general recovery but a general growth in the measures of interference with the flow of foreign trade. Thus from a scientific point of view, what one is presented with is firstly, a somewhat dubious experiment but an experiment which, secondly, has never been given a fair chance. To this one must add that the psychological repercussions of an attempt to cure world depression by universal currency depreciation appear to me to be of an undesirable kind. They lead to hoarding both of gold and of foreign exchange, and consequently, whilst in the end had the experiment not been interfered with it might have produced generally beneficial consequences yet in the course of working itself out it creates psychological conditions which are again in, and of themselves, causes of further dislocation.

A further point must be added. Not only are the psychological consequences of a gradual deterioration of the exchange position unfavourable not only are Governments impelled to check the consequences to their own nationals of competitive exchange depreciation by means of further tariff and exchange legislation but they are unwilling to face the direct consequences of a fall in the exchanges themselves. How otherwise is one to explain the rapid growth of exchange equalization funds in the modern world? It is one thing to argue that currencies should be allowed to fall in order to produce certain desirable effects it is another to add a further element of dislocation by the use of very large sums of money for the purpose of influencing the day to day

level of rates of exchange. The very uncertainty surrounding the use to which these very large funds are put is a further element working for international discord and disunity. The British fund is accused by the American public of deliberately depreciating the pound, this leads to pressure on the American administration to lower the external value of the dollar. The lowering of the value of the dollar puts pressure on the hoarding gold bloc countries. The general uncertainty regarding the fate of the gold bloc countries leads to hoarding inside the gold bloc area and to hesitation outside the area. In sum therefore the attempt to cure world depression by external currency depreciation has created a series of factors which are more formidable obstacles to recovery than were the original parities with gold.

IV

In the absence of any agreed policy the immediate outlook must be governed by what happens in the sterling area, the dollar area, and the gold bloc area for without disrespect to the rest of the world these three groups exercise a centrifugal force which is irresistible in the long run. It is indeed shown by the tendency on the part of the outside world to attach itself to one or other of these groups. Unwilling that political and administrative authorities may be to recognize the essential unity of the world economic order in spite of the strength of nationalistic sentiment and in spite of the active steps now everywhere being taken to divide the world into watertight compartments that unity persists. It manifests itself in the monetary sphere by the simple but overwhelmingly important circumstance it is impossible intellectually, economically or politically to divorce the probable future of any one of these three groups from the probable future of the others. The case for a common policy and understanding is virtually dictated by the fact that, in the absence of such a policy, there is not really an independent policy on the part of any of these areas, but a mere appearance of independence what actually takes the place of agreement is mutual inaction, not the less real by being neglected and not the less pregnant with significance by being uninfluenced by any general principle. If sterling declines further, that is a circumstance which may not only affect the inner cohesion of the "sterling club" itself

—it is a circumstance which is bound to influence the policy both of the United States and of the remainder of the 'gold bloc' countries. If President Roosevelt were to exercise his powers under the Agricultural Adjustment Act and were to reduce the weight of the United States dollar by a further ten per cent, this is a step which would almost certainly increase the pressure on the British administration to follow his example. Nor would it really be necessary for the British administration to do much more than allow natural forces to work themselves out, after an initial period in which sterling would probably rise in consequence of an anticipatory flight from the dollar, after that, increased pressure of American competition would help to drive sterling down if it did not all that it would be necessary for the British Government to do would be to increase the absolute size of the Exchange Equalization Fund, borrow more from the market and use the additional proceeds to buy foreign exchange for the purpose of forcing down the external value of sterling. Whether it is the American dollar which would force reactions on the side of sterling or the pound sterling which would force reactions on the side of the American dollar is not a matter of primary significance. It is difficult to see how Japan could avoid following either or both of these currencies downward. But at the present time when China is already struggling with the effects upon her internal economy of a sharp appreciation in the value of silver (itself a direct effect of official policy in the U.S.A.) it is difficult to imagine how a further fall in the (silver) value of the yen can do anything else than intensify the currency and trading difficulties of China.

Nor could a further fall of sterling, whether induced by 'natural causes' or by the repercussions of American or domestic British policies leave the position of the gold bloc unaffected. It is not at all necessary to adhere to the view that general currency depreciation is the appropriate solvent for current economic difficulties in order to appreciate the fact that in the absence of general currency agreement a moment might easily arise in which the remaining gold standard countries might find it necessary to lower the parity of their currencies with gold. If the adherents of the theory of general currency depreciation

are right, this step should hasten recovery all round, if they are wrong then even though the resultant redistribution of competitive advantages might weaken the position of those countries which are at present gaining at the expense of the gold bloc countries, such a devaluation might prevent a further deterioration of the position of the gold bloc. It need hardly be said that any beneficial consequences to be expected on either view of the case, depend upon the absence of further retaliatory measures on the part of those whose immediate interests are adversely affected. If the reduction in the external value of the gold franc were to lead to further tariff and quota legislation or to further attempts at lowering still more the external value of the pound the dollar and the yet, any net benefit to the gold bloc countries would also be diminished. Obviously the ideal way of preventing such developments would be to inaugurate international discussion immediately, especially as the depression in the gold bloc countries is being intensified by the continuance of general uncertainties, hoarding both of gold and foreign exchange and the cessation of investment activities being at least as responsible as unsuitable policies for the present malaise. Such discussion however may prove impossible, in that event one will have to reckon with the forces at work in each of the three groups mentioned. If they are such as to make action imperative or inevitable, we must face the prospect of a renewed period of intensified currency instability.

V

It is one thing to indicate the possibility that, if one of the world's principal currencies falls in value, the others may be constrained to follow: it is another to sum up the technical factors which may involve the result. So far as both Great Britain and the United States are concerned, the issue turns upon the prospects of recovery. At the present time, the U.S.A., in any case less dependent as a whole, upon foreign trade than is Great Britain, having already devalued its currency by forty per cent, is primarily relying on the effects on industry and production of the expenditure raised by an unbalanced budget though the sums involved being borrowed from the banks do not involve 'inflation' as ordinarily understood. It is not probable that the expenditure of some \$5,000 millions can fail,

in the short run to produce the effects intended, whatever may happen later, an immediate stimulus to business is likely to result. The danger to the stability of the external value of the dollar comes from what is obviously the growing pressure of the so-called radical groups. But since the Presidential campaign will not take place this year, it appears probable that the administration will desire to have something in hand next year, when it will be easier to see the result of present expenditure. On balance, then, it seems likely that nothing startling is to be expected from the U.S.A. this year. The present parity of the dollar may be unsuitable, but, for the moment, American currency policy is not likely to upset the European situation—though its repercussions on China are sufficiently serious.

VI

I turn to the case of Great Britain. The fear of devaluation in the gold bloc countries is, of course, a factor making for a rise of sterling in terms of Dutch florins and French and Swiss francs. The danger is that if on domestic grounds the gold bloc countries devalue, political forces in Great Britain may force upon the Government a further measure of depreciation to counter the anticipated effect upon British external trade. Leaving this consideration out of account, however, the following factors seem to me to be relevant: first, the international political risk which is likely to strengthen sterling rather than to weaken it; second, the possibility of a revived flow of investment funds to the United States. If stock market prospects there improve, as they are at the moment of writing this memorandum, this would weaken sterling. Thirdly a revival of international investment would weaken sterling temporarily, except in so far as our invisible income improves, as it very well may if recovery generally makes any headway. Fourth, there is the internal political risk. The weakness of sterling in the early part of the present year was in part associated with the dangerous possibilities inherent in the collapse of certain speculations in the commodity market, but it was also associated with the rumours of an early general election and with the widely advertised intentions of one of the parties in the State to proceed with the nationalization of banking even if this involved a financial panic. The political risk remains

though it is probable that in the last few weeks the prospects of a Labour victory have considerably receded on the other hand, the prospects of an early general election have greatly increased. Whenever this happens, one must look forward to at least temporary weakness of sterling. Foreign finances will be withdrawn until the danger has passed a certain amount of British capital also likely to emigrate for the time being. The present Government is returned again, sterling is likely to be strong, if it is defeated, sterling will settle down at a new (and lower) level and its future course will depend upon international developments, such that it is hardly possible to foresee at present.

Finally, there is the question of the continuance of recovery. British foreign trade has made some but not very striking progress—the fact remains that recovery so far has been mainly internal. It has been due to recovery of confidence, the conversion of time and the effect of lower rate of interest upon the building trades, the continued demand for durable consumer goods and some cessation of the enforced economy in public works expenditure on the part of the authorities, public and private. Some months ago these factors appear to have spent their force. It is possible that the renewed wave of expenditure upon armaments and growing political confidence will carry the country further along the path of recovery. If the electoral result of the general election will undoubtedly force the present Government into the execution of increased public works expenditure. The continuance of cheap money has been virtually promised by the Government—in any case the financing of a large internal debt and the desire to convert it further large blocks of long term debt (particularly the Local Loans) would drive monetary authorities in the same direction. No reduction in the volume of public expenditure on unemployment assistance can be looked for, so long as foreign trade does not recover substantially and the volume of employment remains in the neighbourhood of 2 millions, especially after the recent collapse of the regulation drafted by the newly appointed Governmental agencies created for the purpose of controlling public expenditure under this head. But the maintenance of a given level of consumers' income (in terms of money) also necessarily

involves a certain minimum volume of imports. Any programme of artificially stimulated public works would if anything, involve a still greater minimum of imports. Last year, the official estimate of the Balance of Payments on income accounts showed a slight debit balance. It is of course exceedingly difficult to weigh up these various factors against one another on balance it is possible that those are right who foresee some further weakening of sterling in the course of the next six months. The significant point however is surely this there is nothing in the situation in Great Britain or America at present which warrants the assumption that a further important fall is imminent or is dictated by the immediate necessities of the moment. Next year unless something is done in the field of international stabilization the situation both in America and Great Britain may have become worse again. To those who argue that stabilization even if it were possible to bring it about immediately would do nothing to prevent the emergence of the conditions which might make for further depreciation later on it may be retorted that it is hoped through the stimulus stabilization can give to foreign trade international investment and the movement against exchange restrictions and rising tariffs to provide that stimulus to employment which is needed in order to make the idea of further currency depreciation less attractive.

VII

Of the position in the gold bloc countries it is impossible to write with any degree of certainty. First all experience seems to point to the truth that there is a limit beyond which the attempts to deflate costs defeats itself—beyond which deflation by its reaction on national income reduces the national revenue without it being possible simultaneously to bring down fixed charges sufficiently. And secondly it cannot be denied that certain interests in Switzerland, the Netherlands, France and elsewhere would gain (subject to conditions already stated) from a devaluation though it is probable that in Germany the net advantages to be gained would be small owing to the extent to which the practice of selling various categories of marks at a discount has in fact already undermined the external value of the mark. On the other hand there can be no question that uncertainty as to the future is itself a factor making for

deflation and therefore tends to bring about the very evils it is desired to avoid. Lastly there is some reason to suppose that in Great Britain and in the U.S.A. there exists an exaggerated notion of the degree to which the French franc in particular is overvalued. The *Economist* in its well known article on October 27th 1934 arrived at the conclusion that the best that can be done is to guess that the equilibrium rate of exchange lies between Fcs 80 and Fcs 90 to the pound. An obviously well informed correspondent of the same journal pointed out that the very pessimistic views entertained by Sir Henry Strakosch are probably biased by the choice of years taken and that whilst there is still a difference between Great Britain and France it is now only in the neighbourhood of 10 to 12 per cent. (January 19th 1935 p 113.) Since that time sterling has fallen further and increasing the over valuation of the franc. But disequilibria of the order of ten to twenty per cent though serious enough in the case of Great Britain before the abandonment of gold plainly showed are not of that order of magnitude given flexible convertibility in one country and the possibility of a rise in prices in the other that they cannot be overcome. Whether this be so or not it is desirable to emphasize the fact that one of the obstacles in the way of imitating devaluation in Great Britain is the widespread feeling that the franc is impossible to overvalue. To devalue the franc of course is not to prevent stabilization but if it is thought necessary on balance to proceed with this measure it is obviously best that it should take place as part of an agreed international scheme.

VIII

We now approach the central issues involved in the problem of stabilization. To begin with it is clear that stabilization if it is ever to be achieved must be achieved as a consequence of international agreement for no Government at present not upon the gold standard will commit itself even to a provisional attempt at keeping its own local unit of account stable in terms of gold if it thereby runs the risk that its rivals in the international markets may subsequently undercut its exporters by a further reduction in the external value of their currency. But it may also be asked Why should stabilization be thought of as consisting essentially in a return to gold? Is it not possible

to imagine the general adoption of the obvious alternative—a universal linking up with the pound sterling? The answer must be that, although fixity of exchange would be attained if every country did link up with sterling, it is politically impossible to think of France or the U.S.A. agreeing to any such proposals. Universal stabilization can only be attained upon the basis of gold which is, of course, by no means the same thing as proving that stabilization is either desirable or possible. Apart from this point, which is the relevant one, it is worth noting that from the standpoint of every other country, except Great Britain, a link with sterling would involve the same limitation of local currency sovereignty as a link with gold, with the added disadvantage that the value of the local currency would depend upon the course of British monetary policy, which might not prove in the least consistent with

local views and over which no influence could be brought to bear, short of abandoning the peg with sterling itself. It is quite true that even an international gold standard profoundly influenced by the credit and capital market policies pursued in Great Britain, France and the U.S.A., but there is surely a difference between adherence to a standard the value of which is influenced by the policies pursued in the great centres and adherence to a standard the value of which is uniquely determined by the Government of a single country. It may be doubted whether in the event of certain quite conceivable political occurrences taking place in Great Britain, the continuance of even the present sterling club could be taken for granted. Just as stabilization must be arrived at internationally, so it must be based on gold.

Indian Gold Exports.

By P. S. Narayana Prasad, *Andhra University.*

At the end of the last article, an attempt was made to show the one main reason for the exports of gold from India on a large scale since England went off the gold standard and the rupee was linked to sterling. These exports became a regular feature since then and gave rise to a heated controversy. The commercial and industrial communities in the country vehemently protested that this should be prohibited, while the Government welcomed it as a pleasing phenomenon.

The main reason for the exports of gold from India, it may be repeated, is the difference which existed all along between the external and internal values of the rupee and which made possible speculative gains. But that taken by itself cannot be the only reason. In spite of high prices, or in spite of the possibility of speculative gains, it is difficult to be convinced that so much gold would have been offered for sale, but for the existence of some other factors. The Indians' love for gold, whether it be the love of the woman for the jewels or whether it be that of those mythical hoarders wherever they be for their hoards, is very well known and that they would part with their gold merely to make some gain is not quite so reasonable in appearance. That so much

concomitant wisdom has dawned upon the country all on a sudden after the 21st of September 1931 is difficult to acquiesce in.

As the price of gold suddenly jumped up, it is possible that people might have thought it to sell what little gold they had in preference to selling other commodities which not only do not bring any return but could not even be sold if desired. Gold is the only commodity whose price has risen appreciably and which brings back some money for meeting the day to day requirements. That is in other words, the emphasis is to be laid, therefore, not on the rise in the price of gold as such, but on the disastrous fall of prices of all the commodities which the agriculturist had to sell.

Another reason, which comes in consequence of the fall of prices, is that India has had to meet part of her external balance by the export of gold. Exports of Indian produce contracted both in value and in quantity, and the fall of prices of agricultural goods is much more than the fall in prices of the commodities she had to purchase from abroad so that India was not in a position to obtain proportionately the same amount of imported goods for her exports. But the margin of luxuries in her import side, which could be cut down, was so small, and

the country had already reduced its demand even for necessities so greatly owing to loss of purchasing power that an appreciation in the price of gold was received with a sense of relief that there has come an opportunity for finding some purchasing power for the direst necessities of life. It is the view of even some Indian economists that the export of gold has nothing to do with the balance of remittances. But Sir G. Schuster himself estimated that '40 crores of the gold proceeds have been used to pay for consumable goods' ¹ and for our part we would like to join ranks with this view. This may be further reinforced by the fact that gold was returning to the mints in small quantities even before the abandonment of the gold standard and also by the fact that the imports of gold showed a tendency to diminish since 1924. According to the calculations of Mr. Joseph Kitchin² the imports of gold into India declined from £ 52 millions in 1924 to £ 14 millions in 1929. The Controller of Currency's report for 1930-31 noted that gold was returning to the mints at the Government of India's purchasing price and the movement continued to grow in strength, and during the summer of 1931, gold of the value of 729 lakhs was received into the mints in that period. The immediate appreciation of the price of gold after September only gave a fillip to a movement which was already brought into existence by the bad economic conditions prevalent in the country.

Due to whatever reasons they may have been created, these exports have brought about a cleavage of opinion in the country, as between the Government and the public and the vehemence which has been put forth on either side to defend or to criticise them has been so great that both the parties seem to have sailed far from the real issues and it is well worth examining some of their arguments in the light of purely economic considerations.

The objection was raised primarily, to the export of gold on the score that it involves a depletion of the reserves of India. It is a process of living on one's capital which, according to any standard of judgment is a bad process. India cannot continue this process for long and there must come a day when it has to be replaced either by some other process or India must starve for some

of the necessities of life. The argument so far as it goes is perfectly valid though the recommendations given to meet the situation are neither many, nor promising of any good and useful results. An examination of these proposals, however, will be reserved for consideration later. But the way in which this argument has been met by the authorities is really unfortunate. Sir G. Schuster describes this process as drawing on reserves which had been accumulated in better times, reserves, moreover, which produce no revenue, so that their depletion does not bring about any decrease in income.³ Perhaps this also is part of the lessons which "even the more highly organised Western nations may well take from India. But it may be confidently pointed out that such theories will be utterly rejected by any country as lacking in the most elementary common sense, not to speak of economic wisdom. That a particular form of capital is not getting an income is no sufficient reason for consuming it off outright. Why should it be overlooked that it is a potential source of income, which, once frittered away, is hard to be replaced? It may be beneficial to the people' in an extended sense of the word at present, but it certainly can not be beneficial to the country if it takes sufficiently long view.

It is also pointed out by the Indian economists and businessmen that in view of the impending banking reform in the establishment of a Reserve Bank for India, the resources of gold may be of great use. But there does not seem to be any need for so much apprehension on this account. The Reserve Bank Committee of the Joint Select Committee has recommended that the bank will always be required to hold a substantial amount of sterling in order to enable it to fulfil its sterling obligations. The Committee proceeds further to say that it might be argued that so long as the rupee is not based on gold standard there is no logical necessity to prescribe the minimum holding of gold and that any such limitation would restrict the freedom of the Bank's operations and would, to that extent, be a source of weakness in relation to its obligations to maintain currency standard'. These recommendations are there whether they are liked or not and it is possible that they will come to stay. The Committee further argue that

¹ Budget Speech 28th Feb 1933

² *International Gold Problem* p 69

³ Budget Speech, 1933

as gold carries no interest the profits of the Bank may be reduced and this may be a burden on the tax payer. Whether it is due to the extraordinary sympathy for the tax payer or something else it shows which way the weather is blowing. These facts coupled with the recent orientation of the British economic thought as to the holding of central bank reserves viz. to reduce the proportion of gold holdings as much as possible gives rise to the belief that so long as British influence is there the reserves of the Central Bank need not cause us any great anxiety. The Committee, however taking into consideration the deep and wide spread feeling in India in favour of holding gold as affording ultimately the most reliable form of reserve recommends a minimum gold holding of Rs 35 crores representing about 20% of the present note liability. This sum will be easily procured in view of the fact that a large part of it comes from the currency reserves already in existence.

It is also advanced that neither the economic welfare nor the productive capacity of India required the maintenance of imports at the present level. A large part of the imports it is said are directly in conflict with the prosperity of Indian industries. The remedy for this is that either exports should be stimulated or imports should be restricted. It is claimed that an embargo on gold would relieve this object. But it is doubtful whether an embargo on gold would restrict the imports to the desired extent. It is still possible to dispose of the gold to the money lender or to a bank or to the Government itself if it takes to purchase this gold in accordance with the wishes of the business community. How this will relieve the sad economic plight of the average gold seller is not clearly demonstrated. The exports of gold may cease, but the question is if the purchasing power of the people will be enhanced on that account. If anything it is likely that a fall in the price of gold, which may be a consequence of an embargo may worsen the plight. If the imports are in conflict with Indian industries the best method to check them is not certainly by restricting the freedom to dispose off gold as it involves in the first instance a further curtailage of purchasing power and secondly may produce only doubtful results so far as checking imports is concerned.

An argument of a considerable economic importance is that gold standard could be

the only international standard and gold would continue to occupy its pre-eminent position as the only means of adjusting the balances of international transactions so that India is denuded of her gold she may be launched in troubled waters in future. Theoretically speaking the truth that the gold standard is the only pre-eminent recognised standard needs no proof now. The Gold Delegation of the League of Nations pinned that at the present stage of world economic development the gold standard remains the best available in monetary mechanism⁴. But here is the difficulty. But it is doubtful whether the return of a gold standard is nearly perfect. Economic prophets are at a heavy discount just at present but there are several considerations which point to the fact that the return of the gold standard is a highly problematic affair. The pristine purity of the test lock gold standard never existed in real life. Again, the gold standard which came into existence in the twenties of this century was not the same as existed before the War. It is perhaps not too rash to say that gold standard was never a fully automatic standard. It was always managed and the management proved easy when the London money market was the only pre-eminent centre. But subsequent to the War New York and latterly to some extent Paris divided a part of the control. But unfortunately the technique of a divided control was not fully developed—or rather not developed at all. It was hoped that the Bank for International Settlements would develop into the world's central bank but like the United Nations of the Federation of Nations or the Parliament of Man it was for the time being at least destined to remain a pious idea and a fond ideal.

Even supposing that by herculean effort the gold standard will be hauled back with the mood of the present world for economic nationalism and national self-sufficiency it is doubtful if it will enjoy long life and good health. In fact the report of the Preparatory Commission of the World Economic Conference lays stress on this particular aspect when it says that it will be necessary to provide effective safeguards against such a restoration of the gold standard leading to a fresh break down.

The conditions that are to be fulfilled for

⁴ Report p 78

an effective working of the gold standard even if restored in future, are the elimination of those causes that have conspired to eliminate the gold standard itself. These, briefly stated are that France and America must give up part of their existing surplus gold that war debts and reparation must be buried deep that there should be worked out safeguards against risks of maldistribution or excessive demand of gold in future, that the Central Banks of the world should

pursue a regular gold economising policy, and finally that the barriers to the free national trade must be brought down. There are few of the conditions for an effective reintroduction of the gold standard! We may as well hope to irrigate the Sahara or dig down the Everest! Unless these conditions are fulfilled a general return to gold standard is not possible and even if it were temporarily possible it would be undesirable and dangerous!'

The Indian Sugar Industry.

By B. C. Burt, CIE, MBE, BSc, IAS

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The rapid development of the Indian sugar industry since the grant of fiscal protection was decided upon in 1931, has been an event of sufficient magnitude to attract comment throughout the world*. In 1928 when Sir James MacKenna addressed the Society on the future of the Indian sugar industry, he pointed out that of 3,076,000 acres under sugarcane in India, modern sugar factories only absorbed the produce of 80,000 acres. In 1930, when the question of fiscal protection for the sugar industry was referred to the Tariff Board the position was much the same. The area under cane in 1929-30 was 2,677,000 acres from this was produced 21,150 tons of sugar refined from *gur* 89,768 tons of sugar produced direct from cane by modern factories, and some 200,000 tons of sugar manufactured by the indigenous open pan or *khand-sari* process, so that, allowing for setts for planting and cane for chewing, 1,837,000 tons of *gur* were produced for consumption as such.

For the sugar crushing season 1934-35, it is estimated that the area under cane is 3,471,000 acres and the gross production in terms of *gur* 5,085,000 tons, production of sugar refined from *gur* will amount to 40,000 tons, sugar manufactured direct from cane to 580,000 tons, *khand-sari* sugar to 175,000 tons and *gur* for direct consumption to three and a half million tons. By 1935-36, it is estimated that the production of sugar in modern factories will have reach-

ed 807,000 tons, and that India will be approximately self supporting. The number of modern factories crushing cane in 1928-29 was 24, in 1930-31 it was 29, for the season 1934-35 it is 142.

When the Tariff Board made its recommendation, India still occupied the anomalous position of being at once the world's second largest grower of cane and one of the greatest importers of manufactured sugar, and outside India there were few who seriously believed that there would be any radical change. The Indian sugar industry had long suffered from the handicaps of low yields, poor quality cane, small scattered patches of cane cultivation, and a land tenure system unfavourable to the establishment of compact sugar estates. The greater part of the sugarcane area lay in sub-tropical India with the very definite climatic limitations of a short growing season preceded by intense hot dry weather and terminated by a distinct winter season. These difficulties might well have seemed insurmountable, but actually they have yielded to research and experiment, and in actual fact the grant of fiscal protection was simply the culmination of a long period of sustained effort. It is as well that this should be understood, for there has been some ill informed criticism of what has been termed a hasty experiment in protection, though even a cursory study of the Tariff Board's report shows that such was not the case and that the fundamental improvements necessary to the

* Paper read before the Royal Society of Arts on May 31st, 1935. Communicated by the Secretary to the Society.

— M. A. Janssen, Sir R. Mant and Sir H. Strachey. *Minute of Dissent Report of the Gold Delegation* p. 70.

establishment of an efficient industry had already been secured. It is doubtless true that the virtual disappearance of India as an importer added to the difficulties of the sugar exporting countries at a time when some of them were taking special measures to deal with the situation which had arisen from world over production of sugar. But it must not be forgotten that the development and maintenance of her sugar industry is every whit as important to Indian agriculture as is the encouragement of beet sugar cultivation in Europe. The State aid given to the Indian sugar industry is expressly designed to enable the large home market to be supplied with home grown sugar, but no kind of incentive has been given to the creation of an uneconomic export trade. Moreover, as will be seen from what follows, the costs of production in India, though high compared to those in the great cane-sugar exporting countries, already compare favourably with those of some other sugar producing countries. With these introductory remarks on the present position of the sugar industry, I will turn to the steps by which it has been reached.

The antiquity of the Indian sugar industry is a matter of common knowledge. There are many reasons for believing that India was the original home of the sugar cane and it is fairly certain that crystallised sugar, quite distinct from *gur* or *jaggery*, was made and used in India in very early times. Certainly both a fine grained white sugar and sugar candy were being exported from Surat early in the seventeenth century and from Calcutta in 1659, and we know that Dutch traders shipped Bengal sugar from Masulipatam in 1636. To come to more modern times, the report of the Select Committee of the House of Commons on Sugar and Coffee Planting, published in 1848, records the fact that in 1835-36 India exported to England 7,184 tons of sugar, 26,913 tons in 1839-40, and an average of 59,373 tons during the period 1839 to 1847. It was stated that, at that time, India supplied about one quarter of England's total sugar requirements. This trade was partly made up of the best quality Benares' sugar, a whitish sugar made by the indigenous process partly of Muscovado sugar, made by several companies and European planters, and partly of sugar refined from *gur* or *jaggery* in European owned factories using modern machinery. Benares sugar was

made largely for internal consumption, and was only obtainable for export at prices were favourable. Muscovado was manufactured from cane on West Indian lines by planters, indeed, the inception of the sugar industry in North Bihar appears to have been due to a recognition of the need for rotation crops for indigo and to an appreciation of the inadvisability of complete dependence on that crop. At or about the time when the Select Committee on Sugar and Coffee Planting reported there were sugar factories with such familiar names as Motihari, Suraha, Bara Chakia, Belsund, Gorakhpur, Rosa, and Padmauna. Unfortunately for both the Indian and West Indian sugar industries the recommendations of the Committee went unheeded. The preferential duties were abolished in 1851, neither country was able to compete with slave grown sugar and the Indian trade collapsed. When next the question of developing the Indian sugar industry arose, it was no longer a question of reviving an export trade, but of meeting a greatly enlarged internal demand.

This may be a convenient stage at which to digress for a moment in order to explain the term *gur* or *gur* with its South Indian synonym *jaggery*, which will occur frequently throughout the lecture, and to give a brief account of the indigenous Indian methods of converting sugarcane into edible products. I trust that I shall be forgiven if I repeat what must be very familiar to many members of the Society.

From time immemorial the greater part of the sweetstuff used in India has taken the form of *gur* or *jaggery*, a kind of concrete sugar containing practically the whole of the molasses. There is no exact English equivalent for *gur*, and the term 'raw sugar' which is used in Indian statistics and official publications is somewhat misleading as, throughout the sugar world generally, the term 'raw sugar' connotes a product used by refineries and containing from 94 to 99 per cent of sucrose. *Gur*, on the other hand, is a product meant for direct consumption and contains anything from 60 to 85 per cent of sucrose; it is most nearly described as hard boiled *masses cuites*. This is the form in which some three and a half million tons are now consumed annually. In colour, purity, hardness and flavour it varies greatly from tract to tract, but, with relatively unimportant

exceptions it is not a raw refining sugar, but a final product ready for domestic consumption. *Gur* is made in most sugarcane growing villages and by the simplest processes. Modern two roller and three roller iron mills and to a limited extent larger three roller and five roller mills driven by oil engines have replaced the earlier pestle and mortar type of mill made of stone or wood. Quite appreciable improvements have also been made in the furnaces and pans. But in essentials the process is much the same as it was a hundred years ago, the fresh cane juice being boiled down to solidifying point in an open pan. A certain amount of clarification takes place during this process and multiple pans are common in some tracts where high class *gur* is made and naturally the characteristics and composition of *gur* vary widely from district to district and place to place.

The *khandsari* sugar industry has also persisted in some parts of the country but its stronghold is no longer Benares as in 1934 but in the Rohilkhand Division of the United Provinces. It is estimated that some 175 000 tons of sugar per annum are being manufactured by this method this year. The *Bel* as it is called in which the juice is boiled is a cascade of open pans heated by a furnace which burns the megass from the cane and a good deal of wood or other fuel as well. Clarification takes place in the upper pans hand skimming of the scum which contains all the protein matter of the juice being continuous. Various plant juices and soda are used to assist defecation but lime is not generally used as a light coloured syrup is essential. In the final pan the syrup is concentrated to crystallising point and the hot *masse cuit* run into earthenware coolers which are agitated until crystallisation sets in. One radical change has taken place in this process during the present century in that centrifugal machines have replaced the older method of molasses separation by drainage followed by decolorisation with the water weed *sugar*. Other improvements will be mentioned later. The resulting sugar *khand*—differs from *Muscovado* or *Demerara* sugar in being pale yellow in colour small grained and almost free from molasses.

It should be added that the estimates of production of sugar and sugarcane in India are always expressed in terms of *gur* and that in the crop cutting experiments on

which the standard yields are based the yield of *gur* per acre and not cane, is recorded.

The revival of interest in the Indian sugar industry dates approximately from the commencement of the present century. It was about that time that in other parts of the world the application of the same scientific methods which had enabled the beet sugar industry to establish itself put cane sugar again on a level with and subsequently far ahead of, its younger rival. Modern factories began to spring up, especially in North Bihar, where a European planting community existed and where indigo planting was becoming unprofitable. The Ottur Japaha Purtabpore, Marhowrah Pura Bara chakia factories in Bihar Rosa in the United Provinces, and Nellikuppam in Madras, were all manufacturing sugar direct from cane before 1910. With the reorganisation of the agricultural departments from 1904 onwards, more attention was paid to the improvement of cane growing the economic value of the cane crop in Northern India being fully realised. Experimental work with the object of improving the indigenous processes of manufacture was also commenced about this time, and one notable advance was achieved viz the introduction of the centrifugal machine for curing the sugar, accompanied by some improvements in the technique of open pan boiling. By this time also the small iron two roller bullock driven cane mill had fairly completely replaced the earlier pestle and mortar and wooden roller types and three roller iron mills were becoming known.

The organised efforts which have led to the establishment of the present modern sugar industry really date from the commencement of the reign of His Majesty King George V. In 1910 a grant from the Government of India enabled Mr. Morehead then Director of Agriculture, United Provinces and the author of this paper, to arrange for a miniature modern vacuum pan sugar factory, of one and half tons per day sugar capacity, to be supplied by Messrs Blair Campbell and Maclean and worked continuously throughout the season at the United Provinces Agricultural and Industrial Exhibition of 1910-11. In the year of His Majesty's Coronation an important discussion on the promotion of Indian sugar industry took place in the Imperial Legislative Council a resolution being moved by

the Hon Pandit Madan Mohan Malaviya which recommended the raising of the import duty. In November of the same year at the seventh meeting of the Board of Agriculture in India, the problems of the industry were considered in detail, the terms of reference being—

(i) The improvement of the indigenous industry

(ii) The production of the refined sugar which is now imported

(iii) The possibility of extending the area under sugarcane in India

The Committee of the Board on this subject included Mr. McGlashan, manager of the Cawnpore Sugar Works, and had the benefit of considered notes from Mr. Shakerpeare, a director of Messrs Begg, Sutherland & Co., a firm whose pioneer work for the establishment of a modern India sugar industry is well known, and by Mr. Neilson, manager of the Nellikuppam sugar factory, which dates from the first half of the nineteenth century, and as a modern concern, from 1897. The Committee's report, which was accepted by the Board, emphasised by a series of resolutions, made recommendations of cardinal importance. It was clearly shown that if the Indian sugar industry was to develop, or if even the existing area was to be maintained, the improvement of the sugarcane itself was a fundamental necessity, better cultivation and manuring being hardly less important. The report further stated that the economic importance of sugarcane cultivation to the country was such that active assistance from Government was amply justified in the national interest. Specific recommendations included definite programmes of agricultural work for the principal cane-growing provinces, the appointment of a Sugar Engineer to Government, that local governments should be empowered to give financial assistance to pioneer factories, and most important of all that a sugarcane breeding and acclimatization station should be established in Madras and that its most important work would be the production of better canes with purer juice. These recommendations were accepted by the Government of India and prompt action taken on them. Dr. Barber was appointed Imperial Sugarcane Expert, and the now famous Coimbatore sugarcane breeding station was started in the next year. Thus were laid the foundations of a modern efficient Indian sugar

industry. To avoid misunderstanding, it should be added that the Board made it abundantly clear that a radical improvement in the raw material was as necessary in the interests of the indigenous *gur* making industry and of the indigenous sugar industry as in those of modern central factories. Much of the Sugar Engineer's time and energies were devoted to experimental work with the object of improving indigenous methods and designing small factories.

THE POSITION IN 1911

In order to gauge the progress since made, an attempt must be made to visualise the main features of the situation as they appeared to the Board of Agriculture in 1911. No statistics for the production of sugar from cane in modern factories were maintained until a much later date, but it is probable that less than 15,000 tons were so produced in 1911. The cane supply was far from satisfactory. In the United Provinces the local canes were not really ripe until the middle of January, and though the season nominally lasted from the middle of November to the middle of April cane was not really fit to crush during the earlier part of the season. Most of the modern sugar factories then working were only able to get a recovery of six per cent sugar on cane. The best in Northern India that year touched seven per cent. The area under sugarcane in 1910-11 was 2,215,000 acres and the yield of *gur* 2,218,000 tons, corresponding to 11 tons of cane per acre and two-thirds of a ton of sugar. The standard yield for the United Provinces is now approximately two tons of *gur* per acre or 20 tons of cane, and with a nine per cent recovery 1.8 tons of factory sugar per acre. Yields of 30 tons per acre with improved varieties are now common, and one well-known concern—a self-contained estate in the Bombay Presidency—gets 47 tons of cane per acre, with an 11 per cent recovery or five tons of sugar per acre. The Board of Agriculture of 1911 was therefore justified in the emphasis which it laid on the improvement of the raw material.

Barber's work began to bear fruit almost immediately, but his most striking discovery, and one which subsequently revolutionised cane growing in India, was his discovery of the value of the wild *Saccharum spontaneum* better known as *kans grass*, as a parent for the production of hybrid seedling canes for

Northern India. This, however, is anticipating a little. When the sugarcane breeding station was started in 1912, the special problem confronting it was the production of improved types of cane suitable for the special sub-tropical conditions of Northern India. It had already been fairly clearly demonstrated that the mass introduction of noble canes from tropical countries was unlikely to be generally successful, and whilst acclimatization was included in the Combatores programme, it was in the production of seedling canes that the greatest hope lay. Sugarcane is normally grown from cuttings, but, like potatoes, recourse must usually be had to seedlings for the production of new varieties. The successful use of an Indian cane (*Chance*), which subsequent research showed to be a natural hybrid with the wild *Saccharum spontaneum* as one parent in the production of hybrid canes in Java, pointed the way. The subsequent discovery of Jeswiet in 1916 of the great value in cane breeding of the *kassoe* cane (found in a wild or semi-wild condition in Java and since proved to be a hybrid between *Saccharum spontaneum* and the Java Cherry cane) was a further step forward. In Java the *Saccharum spontaneum* strain is now considered an essential element in the parentage of hybrid canes in order to ensure disease resistance. Simultaneously with the raising of new seedling canes at Combatores and a study of their possibilities and limitations a thorough survey of the Indian canes was made and a botanical classification worked out, the multitudinous agricultural varieties being arranged in groups. This provided a sound foundation for further work. Seedlings from both Indian and noble canes were raised and tested, and an important study made of the "tillering" of cane and its effect on yields, whilst a still more important study made of the root system of the sugarcane commenced. Meanwhile, work was also being carried on in the provinces, especially at Shahjahanpur by Clarke. There both Combatores seedlings and some direct importations were studied in detail and a Java seedling, distributed under the number S 48, proved suitable for a substantial area in the United Provinces and was systematically distributed in suitable districts for some years. This cane occupied an area of some 94,000 acres in 1928-29, and it was not until about 1927 or thereabout, when Co 290 proved its value, that a better cane for Rohil-

khand was forthcoming. In other parts of the United Provinces Co 123 proved more suitable at an earlier date. Though a Java seedling, S 48 came very near to the type required for Northern India, as it combined high purity, high sucrose content and early ripening with the hardness and deep-rooting habit which appears to be necessary if a cane is to be successful in Northern India. Its introduction gave a marked fillip to the indigenous *khandsari* sugar industry for which pure juices are essential. S 48 was also a very acceptable cane for ordinary village cultivation for *gur* manufacture, and its introduction at a time when tube-well irrigation was becoming important was a definite encouragement to a higher standard of agriculture. At Shahjahanpur much attention was also given to the problem of nitrogen supply in connection with cane cultivation and an inexpensive and practical system of green manuring and crop rotation was worked out and demonstrated.

The next landmark in the development of the Indian sugar industry, and an important one, was the appointment of the Indian Sugar Committee of 1919-20, a touring Committee presided over at the outset by Mr MacKenna, Agricultural Adviser to the Government of India (now Sir James MacKenna), and later by Mr Noyce (now the Hon Sir Frank Noyce). This Committee made a thorough study of sugarcane growing in India and of the condition of the sugar industry, visited Java and made a number of important and far-reaching recommendations, especially in regard to the organisation and finance of agricultural and technological research which, though pigeon-holed at the time, have since been of great service. The reason why prompt action was not taken on these recommendations was a two-fold one. Financial stringency made itself felt not long after the Committee's report was issued—a circumstance which was largely responsible for delaying the establishment of that very obvious necessity—a central research institute for sugar technology—whilst constitutional changes were largely responsible for the decision not to set up a central sugar research board controlling experimental stations in various parts of India. Nevertheless, the report of the Committee did much to stimulate progress. More interest was shown in the industrial prospects of sugar manufacture and some new factories sprang up, a central

sugar bureau for the collection and dissemination of information was established provincial agricultural departments took sugarcane research more seriously especially in the United Provinces and most important of all the Imperial Sugarcane Breeding Station at Coimbatore was made permanent and extended. Its founder, Dr Barber had just retired but his lieutenant and disciple Rao Bahadur Venkataraman made a worthy successor.

Coimbatore has made four most important contributions to our knowledge of sugarcane breeding. It has demonstrated the importance and successful application of a wild sugarcane *Saccharum spontaneum*, in the breeding of hardy canes. By means of comprehensive anatomical studies it has established the importance of a suitable root system to vigorous growth of cane has ascertained the essential differences between the noble tropical canes and the cane of sub tropical India in this respect and has applied this knowledge to cane breeding. It has added to our knowledge of the genetics of sugarcane and of the wild *saccharum*. Lastly it has successfully produced numerous inter generic hybrids between *Sorghum* (the great millet vern *Fuar* or *Cholam*) and sugarcane. The economic value of this last discovery has yet to be evaluated but it is a scientific achievement of great importance and its agricultural potentialities are obvious. It is hoped that a whole new series of early maturing canes will eventuate from this hybrid. These successes have only been possible because important advances in the actual technique of cane breeding operations have also been made. The sugar cane inflorescence is imposing but the actual flower is small and insignificant. The earliest crossings had to be made under a dissecting microscope on the top of a scaffold 20 feet high. Now it is possible as the result of numerous improvements in technique to raise annually several hundreds of thousands of seedlings of known parentage. What cane breeding has done for the sugar industry in India can be demonstrated by a few figures. In 1910 the best material available to a sugar factory in Northern India was a thinnish cane containing when ripe about nine to nine and a half per cent of sugar on cane yielding only ten tons or so per acre on the average unsuitable for intensive cultivation and only fit for crushing for about 70 days in the season. Now a

group of canes is available covering the period November to April yielding commonly 25 tons per acre and up to 35 tons with good cultivation with a sugar content in cane of $11\frac{1}{2}$ per cent to 12 per cent. These are all hardy canes suitable for village conditions with the hard mud necessary to render them unattractive to jackals, wild pigs and other enemies and resistant to mosaic disease. When the Indian Sugar Committee reported in 1919 good factories were getting a recovery of six and a half per cent now the general figure for the United Provinces and Bihar is over nine per cent, mainly due to better raw material. The average normal yield of *gur* per acre in the United Provinces in 1919-20 was 2 600 lb per acre in 1934-35 it was 3 900 lb on the 1 560 000 acres planted with improved canes. Wherever Coimbatore canes are properly grown in the irrigated tracts of Northern India a yield of 30 tons of cane giving two and three quarter tons of sugar per acre is now expected.

But we must retrace our steps. When the Indian Sugar Committee reported in 1919 the results of breeding work at Coimbatore were only just becoming apparent. The first important group of seedling canes to be released was a set of four Co 205 Co 210 Co 213 and Co 214. Of these Co 213 was a main crop cane Co 214 an early high quality cane though a lower yielder Co 210 late good quality cane and Co 205 was found to be amazingly hardy. These canes had been tested thoroughly at various provincial stations and at Pusa and in 1922-23 they were brought into general cultivation largely through the efforts of the Pusa Sugar Bureau and the co operation of the sugar factories who provided part of the funds for the multiplication of stocks for distribution and gave special facilities for milling trials. The success of this group was phenomenal and Co 213 is now the most widely grown cane in India. Giving as a rule $11\frac{1}{2}$ per cent sugar on cane it ripens well within the normal period for Northern India maintains its quality well, has excellent standing power and is adaptable to a wide range of conditions. It is capable of giving yields up to 40 tons per acre with intensive cultivation but is hardy. It has a hard rind protecting it from the ravages of jackals wild pigs and the like and, as might be expected the fibre content is comparatively high. The genealogy of Co 213

is of interest. One parent was the Java seedling P O J 213 the other the Indian cane *kansar* P O J 213 in turn was a hybrid between the old noble cane Cheribon and the Indian *Chunee* and thus had as one distant ancestor the wild cane *Saccharum barberi*. Co 205 was a direct cross between a cane known as Vellai and *Saccharum spontaneum* and for a time seemed likely to be grown on a very large scale indeed. It was both drought resistant and flood resistant and though as hardy as the most tried like canes of Northern India had quite a fair sucrose content and good yielding capacity. But it was hardly a good factory cane and though very tolerant of the mosaic disease was susceptible to it. It is now rapidly being replaced by a later hybrid, Co 205 but is still of interest as demonstrating the value of the wild cane parentage for it has been a most valuable parent for the production of later hybrids. In 1926 another cane, Co 281 which has achieved a greater reputation in Cuba than in India itself was released—this was a hybrid between P O J 213 and Co 206, the latter being a cross between *Ashy Mauritius* and *Saccharum spontaneum*. Another seedling released in 1926-27 Co 290 was found specially valuable in Rohilkhand being a high quality cane yielding purer juices than Co 213.

The areas under improved canes in India have run as follows during the last 12 years

Areas under improved varieties of cane in India

	Acres
1923-24	60 604
1924-25	70 934
1925-26	171 808
1926-27	207 989
1927-28	268 686
1928-29	301 098
1929-30	549 025
1930-31	817 094
1931-32	11 0 476
1932-33	1 840 768
1933-34	2 098 916
1934-35	Probably exceeds 2 400 000

Detailed returns have not yet been published for 1934-35 except for the United Provinces where the ascertained area under improved canes is 1 560 000 acres compared with 1 289 000 in the previous year. The area under improved canes in the United Provinces has been recorded annually in the village records for some years past. For other provinces the published estimates of agricultural departments have been taken,

and these are apt to be conservative. In 1933-34 the shares of the other provinces were Bihar 361,000 acres, Bengal 175,000 acres, Punjab 174,000 acres, Madras 59,000 acres, Bombay 10,000 acres and Assam 9,000 acres. Of this area Coimbatore seedlings occupy by far the greater proportion. Co 213 predominating in the United Provinces and Bihar. In Madras and Bombay the noble or tropical canes still predominate, and in the Bombay Deccan with liberal cultivation the Java seedling P O J 2878 and E K 28 do even better than Co 290. The newer canes under local testing are in many ways superior to those in cultivation and some are particularly promising. Naturally a more rigorous local testing is now insisted upon before a new cane is put into general cultivation. Similarly a number of thick seedling canes from South India from the other branch of the Coimbatore breeding station are under trial. This however is only a beginning. Higher tonnages, enhanced hardness and higher sucrose percentages are needed and canes possessing these characters are now under test all over India. Fundamental as varietal improvement it is by no means the sole consideration and to secure anything like satisfactory tonnages both better tillage and adequate properly balanced manurials are needed. As a manufacturer of carbohydrates the sugarcane plant is unrivalled in efficiency. In Java over nine tons of sugar per acre have been obtained by individual factories. Groups of factories have averaged nearly seven tons per acre, whilst the average for 166 factories in 1932-33 was 5.9 tons of manufactured sugar per acre. Compared with this even the world's record yields of rice and wheat pale into insignificance. But the necessary plant food must be supplied and here India still lags sadly behind other countries. Much work has been done in this direction and the agricultural departments throughout India are in a position to make definite recommendations and are doing so. Clarke's work at Shahjahanpur cleared up the essentials of the position in the United Provinces and indicated quite clearly the immediate lines of advance. In his presidential address to the Agricultural Section of the Indian Science Congress in 1930, Clarke placed intensive cane cultivation in the United Provinces in its true perspective as part of a better system of agriculture and showed very clearly that by

adopting better methods of cultivation well within the powers of the ryot high yields both of cane and of the rotation crops could be secured. In his evidence before the Tariff Board he showed that by such methods good quality cane could be produced at not more than four and a half annas per maund or Rs 7 10 per ton.

The slump in prices of agricultural produce and a consequent tendency to expansion in the sugarcane area has momentarily obscured this aspect of the question. But it is of equal importance to the continued progress of Indian agriculture and to the maintenance of an efficient sugar industry, and demands unremitting attention.

Agriculture in Sind.

By "BPO"

The agricultural season of 1933-34 though not as satisfactory as its predecessor was on the whole fairly good both in the Presidency proper and Sind. Says the Season and Crop Report of the Bombay Presidency for the year 1933-34: "A special feature of the year was the cold spell in three successive waves which occurred in the northern part of the Presidency during January 1934 and caused considerable damage to *rabi* crops. The cotton crop also suffered severely the grape crop in the Nasik district was damaged and the yield of fruit and vegetables in North Deccan was considerably affected. Sugarcane in the same area also suffered badly. In Sind excessive rainfall in August and September proved unwelcome and adversely affected the cotton crop while due to the cold spell the yield from *rabi* crops was somewhat below expectations. In spite of the uneven distribution of the rains the season was on the whole fairly satisfactory."

GROSS AND NET CROPPED AREAS

The gross cropped area increased from 29 155 000 acres to 29 192 000 acres while the net cropped area decreased from 28 281 000 acres to 28 227 000 acres. There was an increase in the gross cropped area of 67 000 acres in Gujarat and 61 000 acres in the Deccan but a decrease of 94 000 acres in the Karnatak while in the net cropped area there was an increase of 39 000 acres in Gujarat and 26 000 acres in the Deccan and a decrease of 118 000 acres in the Karnatak.

The twice cropped area increased from 874 000 acres to 965 000 acres the increase being shared by all the Divisions of the Presidency.

In Sind the gross cropped area the twice cropped area and the net cropped area showed a further rise of 307 000 15 000 and 292 000 acres respectively over the figures

of the previous year due to the satisfactory working of the Barrage Canals.

NATURE OF THE CROPS

About two thirds of the cultivated area of the presidency is devoted to growing food stuffs jowar bajri rice wheat and gram being the most important crops. Cotton is the largest non food crop.

FOOD CROPS

In the presidency proper the area under food crops i.e. cereals pulses sugarcane fruit and vegetables increased by 91 000 acres or 0.5 per cent as compared with the previous year. Among the *kharif* crops bajri showed a decline of 316 000 acres or 2 per cent as a result of scanty rains in the early part of the season over a large portion of the Deccan and the Karnatak. The area under rice also decreased by about 1 000 acres or 0.2 per cent. The area under wheat which is grown both as a *kharif* and *rabi* crop did not vary much from that of the preceding year being higher by 132 000 acres or only 2.1 per cent. Among the *rabi* crops wheat and gram showed an appreciable rise of 268 000 and 80 000 acres or 16.2 and 11.9 per cent respectively.

NON FOOD CROPS

The area under non food crops which include cotton tobacco and oil seeds decreased by 54 000 acres below the area of the previous year. The area under cotton showed a decline of 225 000 acres of 5.8 per cent while that under tobacco advanced by 10 000 acres or 7.7 per cent. Among the oil seeds the most noticeable change was an increase of 97 000 acres under groundnut the Bijapur district alone being responsible for an increase of 124 000 acres.

In Sind with the exception of jowar and bajri, the area under which decreased by 94 000 and 166 000 acres respectively in favour of better paying crops like cotton rice and wheat, the area under almost all the

crops increased over that of the previous year owing to more land in the Lloyd Barrage zone having been brought under cultivation both during the *kharij* and *rabi* seasons. The area under wheat increased by 337 000 acres or 34.7 per cent and that under cotton by 178,000 acres or 51.9 per cent.

Variations under the principal crops are explained below —

JOWAR AND BAJRI

In the presidency proper the area under jowar rose from 7,599 000 acres to 7,761 000 acres while that under bajri declined from 4,012 000 acres to 3,696 000 acres. In Sind the area under both jowar and bajri decreased from 612 000 acres to 518 000 acres and from 1 101 000 acres to 935 000 acres respectively.

RICE

The area under rice in the presidency proper declined from 2 077 000 acres to 2 022 000 acres while in Sind it increased from 1 108 000 acres to 1 118 000 acres.

WHEAT

In the presidency proper the area under wheat increased by 268 000 acres or 16.2 per cent. The increase was shared by all the districts and is attributed to adequate water supply at the time of sowing. In Sind the area increased from 969 000 acres to 1 305 000 acres.

OIL SEEDS

The area under oil seeds in the presidency proper rose by 36 000 acres or 2 per cent, owing to the expansion of groundnut cultivation. In Sind on the other hand the area declined by 7 000 acres or 2.7 per cent.

GROUNDNUT

In the presidency proper the area under groundnut further advanced from 1 195 000 acres to 1,292 000 acres the increase being shared by almost all the districts in Gujarat and the Karnatak. The Deccan on the other hand showed a decrease in area to the extent of 88 000 acres.

COTTON

The area under cotton in the presidency proper declined from 3 880 000 acres to 3 655 000 acres owing to unfavourable rain and low prices. The decrease was noticeable in Gujarat (132 000 acres) and Karnatak (113 000 acres) but the Deccan showed an increase of 20 000 acres. In Sind, on the other hand the area under the crop increased from 343 000 acres to 521 000 acres i.e. by 51.9 per cent.

IRRIGATED AREA.

In the presidency proper the area irrigated rose from 1 035 000 acres to 1 077 000 acres the increase being noticeable in the districts of Sholapur Ahmedabad and Poona. In Sind owing to the ample water supply from the Lloyd Barrage canals the area irrigated increased from 3,247,000 acres to 3,521 000 acres and 852 000 acres respectively.

OUTPUT OF CROPS

The following table compares the acreage under food grain crops (cereals and pulses) in the various Divisions of the Bombay Presidency and their approximate output, in tons during the year under report with similar statistics for the two preceding years —

Division	Area in thousands of acres			Output in thousands of tons		
	1931-32	1932-33	1933-34	1931-32	1932-33	1933-34
	Acres	Acres	Acres	Tons	Tons	Tons
Gujarat	2 663	2 342	2 550	832	804	1 194
Deccan	11 129	11 052	11 104	2 007	2 077	2 304
Karnatak	4 668	4 092	4 542	899	955	938
Konkan	1,498	1 606	1 604	661	651	638
Total—Bombay Pres. dency proper	20 058	19 702	19 800	4 399	4,387	4,214
Sind	3 656	4,387	4,526	906	1,104	1 665
Grand Total	23 694	24,089	24 326	5 305	5 491	5,879

CONDITION OF THE AGRICULTURAL POPULATION

The season was on the whole fairly satisfactory, both in the presidency and Sind. There was a slight increase in the acreage under the food grain crops owing to the suitability of rains almost all over the presidency and good water supply in Sind at the time of sowing. Later weather conditions were however not favourable and the yields were much below expectations. In Sind the people became better accustomed to the new irrigation conditions and a much greater

area was brought under cultivation. The yield was however less than that of the previous year owing to adverse weather conditions.

There was scarcely any improvement in the prices of the agricultural produce. The lump conditions which commenced in May 1930 continued during the year. The prices of wheat and groundnut showed a further downward tendency, which was specially marked in the latter case. A satisfactory feature, however, was the slight upward trend in the cotton prices.

The Campaign against Malaria.

By The Secretary, National Red Cross Societies

One of the most powerful allies of many national Red Cross Societies in their campaign against malaria is the Rockefeller Foundation which does so much to co-ordinate and stimulate malaria research throughout the world. Its malaria work, which was begun in 1915, may be summarised as follows —

The general principles of the malaria campaign have been known for a third of a century, but the prevention of this disease is still a perplexing problem. Malaria is still the king of tropical diseases, and it destroys men by the million over a vast area. Were expense to be no matter, malaria control through eradication of the offending mosquito would be comparatively simple. The problem is to bring control work within the economic means of the community.

Before the Great War the malaria problem seemed comparatively simple. The early demonstrations of malaria control in the United States were successful because malaria transmitting mosquito (*Anopheles* endemic, and because there was only one malaria transmitting mosquito (*Anopheles quadrimaculatus*), which was relatively easy to control.

The Great War caused a serious increase in malaria throughout the world. Not only that, but it was found that other mosquitoes than the one first incriminated were capable of transmitting the disease. The malaria parasite is, in fact, capable of adapting itself to different hosts, both in the animal and insect kingdoms, and it has been observed that in many places in Europe the mosquito

responsible for malaria seems to be changing its habits in the direction of feeding on animals rather than on man.

If patients could be segregated it would be possible to apply the slogan "Do not infect the mosquito and the mosquito will not infect you." Unfortunately, such segregation is usually impossible.

Generally speaking the drugs that are specific for malaria are expensive and are not easily administered on a large scale. Quinine is extensively used but it has marked limitations. It is effective against symptoms and it has saved innumerable lives, but it is not a preventive of the disease. In areas where attempts have been made to control malaria by means of quinine, better food, better housing and better hospitals, the effect on the prevalence of the disease has been practically nil. On the other hand, wherever efforts have been directed against the mosquito itself, malaria has decreased and its spread has been controlled.

Widespread attention has recently been drawn to a new remedy, *plasmochin*, which was introduced in 1926. This drug possesses a valuable tendency to devitalize the malaria parasite in a certain stage of its development. Combined with quinine, under the name of *chinoplasmun*, this drug has been used extensively. Unfortunately, *plasmochin*, even when combined with quinine, was found insufficient to prevent the appearance of malaria parasites in the blood. It would seem, therefore, that the new drugs introduced against malaria are not wholly effective. In West Africa there is a general opinion that, in five gram daily

doses quinine prevents serious manifestations of the disease. More than that cannot be claimed for quinine.

Some results can be obtained by killing adult mosquitoes by swatting, catching, spraying, fumigating, trapping, poisoned baits, and the encouragement of natural enemies. But not much can be expected from these methods because they require the systematic and continuous co-operation of the community and this except under army conditions is rarely possible.

Other methods which aim at preventing mosquito bites include screening, special clothing, bed nets, chemical or mechanical repellents, removal of houses from malarial districts, provision of animal barriers, and best of all the killing of mosquito larvæ in a number of ways. One of them consists in oiling the surface water in which the mosquitoes breed. But such oiling can serve only as a temporary measure. Continued for many years it is often found to be more expensive than such permanent measures as draining and filling.

Larvæ can also be killed by dusting Paris green on the water in which the larvæ are found. This measure is effective even if this chemical is extensively diluted with road dust. It is not dangerous to other life, i.e. to human beings, live stock, or fish, nor has it ill effects on rice or other crops. It is also not as visible as oil and is therefore more difficult to control by inspection.

The breeding of small larvæ eating fish is a simple and effective way of controlling mosquito production. The top minnow is particularly useful for this purpose. But in few places have fish alone been able to control malaria.

The larvæ of the yellow fever mosquito can be trapped because this mosquito breeds chiefly in artificial water containers found near houses, but trapping of the larvæ of the malaria mosquito would not be feasible since it breeds wherever suitable water or moisture exists.

The most radical and successful measure is the destruction of mosquito breeding places by means of drainage, clearing, clean-

ing, channelling, emptying, filling, flushing, and drying. Salting or otherwise altering the composition of the water and the orderly progress of agricultural cultivation which tends to do away with swamps and breeding areas are also effective.

In no single region is it necessary or feasible to apply all the anti-malarial measures known. Each region presents a special problem, and as we go from country to country the diversity of the measures adopted will become evident. In Italy, where the Red Cross has done so much to combat malaria, a special campaign was started in 1923 with a careful survey. In Istria, fish alone were used to prevent mosquito breeding, but nowhere else was this method practicable. In every instance it proved to be less expensive to abolish malaria than to treat it with quinine. The control methods were as far as possible, embodied in national laws which are now in full effect in Italy.

The drainage of the Pontine marshes and their conversion into fertile plains after centuries of neglect punctuated by occasional and abortive attempts to reclaim this land is one of the greatest achievements of modern Italy. Italy owes this great engineering feat to the mosquito which has stung mankind to a constructive reaction. Elsewhere also are to be found indirect benefits accruing to the countries which have waged systematic warfare on this pest.

In Jamaica, an outbreak of malaria in the town of Falmouth and surrounding districts with a total population of 8,000 caused 138 deaths among the 4,000 cases. The expedient was adopted of letting sea water into the marshes whose fresh water thus became salt. Mosquito breeding was thereby checked and the epidemic subsided.

Only a little while ago experts in malaria were pessimistic about the possibility of controlling the disease. Recent developments have changed this attitude and at the present time the prospect of controlling malaria is brighter than it has ever been since Ross discovered the mosquito carrier in 1897.

Mr Durgadas B. Advani, President of the Indian National League of Karachi, in the course of a lecture on unemployment in Sind, said: "About 150 crores of the able-bodied working population of the world is unemployed; about 4 crores of people are

without work in India, about 3 lakhs in Sind, and seven to ten thousand or above in Karachi are unemployed. The speaker further said that the problem was so vital and so vast that nothing substantial could be done without Government's active help.

Notes from London.

H H The Maharaja's Birthday Dinner

Viscount Goschen's Tribute.

London June 18 1935—A dinner was held at the Dorchester Hotel London on the 18th June 1935 in celebration of the 51st Birthday of His Highness the Maharaja of Mysore. Nearly a hundred guests attended the dinner. Among those present were—

H H the Yuvaraja of Mysore Viscount and Viscountess Goschen Sir William and Lady Barton Mr H V Cobb Sir Abdul and Lady Qadir the Dowager the Hon Lady Barlow Sir Thomas and Lady Wilford Sir Gilbert Jackson Mr J J Whiteley Sir Alfred Chatterton Sir Isidore and Lady Salmon Sir Harry and Lady Lindsay Sir Seymour Tritton Sir Albion Banerji Mr and Mrs Hansard Mr and Mrs Rama Rao Mr and Mrs Culling Carr Mr and Mrs C Ranganatha Rao Sahib Mr and Mrs Morgan Jones

Mr F H Brown Mr F J Richter Mr P J Patrick Mr Ronald Malcolm Mr and Mrs H S L Polak Mr and Mrs D F L Zorn Mr P W Rootham Mr and Mrs Edgar Hodges Mr and Mrs Y N Sukthankar Mr and Mrs F R Sell Mr James Bush Mr Eric Bush Mrs Wetherall Mr Charles Wetherall Captain L G Spencer Churchill Colonel W L Crawford Mr J G H Crawford Mr L D Falk Mr V K Scindia the Rev Stanley Edwards Miss Parsons Fyzee Atiya Begum and Fyzee Rahuman

Begum Raschid Mr M Raschid Mr F L Baker Miss Robinson Miss Oliver Mr R O Oliver Mr R Bocquet Mr James Spence Mr H B Edwards Mr J G Nicholson Mrs Phumboo Chetty Miss Chetty Dr Meek Mr Semple Miss De Laredo Mr W H Chappell Mr and Mrs Rihh Nye Mr K Govindachari Mr S C New Mr H D Rice Mr R K Murty Mrs New and Miss D Newton

TRADE COMMISSIONER'S SPEECH

Mr C Ranganatha Rao Sahib Trade Commissioner for Mysore who presided in welcoming the guests said—

YOUR HIGHNESS MY LORD LADIES AND GENTLEMEN

I feel it a great honour representing in my capacity as Trade Commissioner of the

Mysore Government in this country to preside this evening and in the name of that Government give you a cordial welcome. We meet here to night to commemorate the Birthday of our beneficent ruler of Mysore H H the Maharaja. Last year we met on this occasion to celebrate the Golden Jubilee of His Highness's life. Speeches were delivered on the occasion by Sir Basil Blackett and Sir Stuart Fraser the latter the Governor and Tutor to H H the Maharaja during his minority and the occasion was found so successful that it was decided to have another Birthday Dinner this year.

The reasons for such a course are many. Last Spring has seen the completion of 40 years since His Highness succeeded to the throne of his ancestors. Later the Silver Jubilee of H M The King Emperor has been celebrated all over the Empire and one overseas with greater affection and interest than in Mysore where the arrangements were thought out with care. The jubilee spirit is still amongst us. It seems right that before it passes into history we should commemorate the birthday of a ruler owing allegiance to the King Emperor and possessing qualities of personal worth devoted to duty and loyal service such as have contributed to win for the King Emperor the love of his people.

We are honoured to day by the presence of Lord Goschen a close personal friend of His Highness and Lady Goschen who was affectionately intimate with that gifted lady the late Dowager Maharani. We are also pleased to have amongst us another Tutor and Guardian of His Highness during his minority—Mr Whiteley. It is our privilege to have amongst us to day the beloved brother of H H the Maharaja—H H the Yuvaraja who will reply to the toast which I request Lord Goschen to submit to night.

VISCOUNT GOSCHEN'S TOAST

Viscount Goschen a former Governor of Madras and sometime Acting Viceroy of India in proposing the health of His Highness the Maharaja spoke as follows—

YOUR HIGHNESS LADIES & GENTLEMEN

If I begin this evening by saying that I feel it a great privilege to have been invited

here this evening, I am sure that all those that are present to-night will not think that they are merely the words with which a speaker so often introduces his speech but they contain a very real and deep meaning, and it is a very great pleasure to me to be allowed to propose the toast of H H the Maharaja of Mysore to night at this, his birthday gathering. I think that H H the Maharaja would allow me to say that I have been, and still am, a very close and intimate friend of his. If we were in this country, I think I should use the words that when I was in India we were very close neighbours. From our Hill Station at Ooty it was a very short drive into Mysore and His Highness had a house at Ooty at which I very often used to meet him.

The Chairman to-night has alluded to the sad loss which Their Highnesses sustained by the death of the Dowager Maharani. I am sure this gathering would wish to express our deep sympathy with them and with the State also, for Her Highness, if I may be allowed to say so was a most able lady who took the deepest interest in the State and who gave devoted service to the women of that State, both in promoting education and in all causes and movements for the health and for the welfare of the women of Mysore.

There is a phrase, Ladies and Gentlemen, which children very often use on occasions such as this. It would probably become a very hackneyed phrase, but it is entirely suited to the present occasion. On an occasion such as this they say 'Very many happy returns of the day' and I am sure that we wish to night to say to H H the Maharaja 'Very many happy returns of the day' and by these words we mean continued health and happiness to His Highness and peace, prosperity and contentment to the people of his State.

It was my privilege in India, I think, to know many sides of His Highness. I knew him as an enlightened ruler. I knew him as a kindly and genial host. I knew him as a good sportsman and I knew him in every way, as all his friends did, as a very true gentleman. As the ruler of the State I often had discussions with him with regard to matters concerning the province or the State and on those occasions I always found him wise broadminded and always ready, which perhaps is not always the case when one discusses questions with people, to listen

to arguments on the other side. I often met him in the hunting field and I met him at the races and I can recall this evening one occasion upon which, I admit with much difficulty, I persuaded His Highness to drive me in his four in hand to the races. It gave me very great pleasure and I had a very pleasant drive, but there was one moment in the drive when I wondered whether I was wise to persuade him to take me there, and that was owing to the deep enthusiasm with which his people greeted him. I was not perfectly certain whether the term had the same appreciation of that enthusiasm as his people had, and whether he would be able to restrain the horses as he actually did in the face of this enthusiasm.

I frankly admit that there was one place in which I was never willing to meet His Highness and that was in the squash court. His keenness of eye and his fleetness of foot made too great a handicap upon my advancing years, and I may also say it was far too great a handicap upon the members of my staff who took him on in that court.

As has been said this evening, His Highness has been ruler for forty years, and in 32 years of this period, excluding the 8 years of his minority, he has devoted his services, his time and his ability to his people. He has done all that he can to promote their happiness and their welfare, and he has won in return, as everyone knows who has visited Mysore, the affection of his people. He has brought about modern developments in the administration of his State. He has done much for the education of his people. He has done a great deal to improve conditions. He has given his attention to agriculture and endeavoured successfully to teach his people to use improved methods of agriculture and he has been unceasing in his care for their improvement, for their progress, for their health and for their happiness, and I think one of the proofs of this is that we are gathered here this evening at this birthday dinner, a dinner at which we see collected many of his friends, many of those who know the State perhaps far better than I do—but have not got a greater affection for it—and many who are at the present moment engaged in friendly trade and commercial relations with that State.

I think I am right in saying that at the present moment, Mysore is the only State which has got a Trade Commissioner in this country, and it speaks a great deal for

the progress of that State that they endeavour to make known here their exports and that they have someone in this country to buy what they need in Mysore. They are dealing in this country with the Sandalwood Oil for which Mysore is so famous. I believe that they are importing granite for kerbstones into this country, and that even now, if in moments of timidity you stand on a refuge in Trafalgar Square, waiting to see what the new lights are going to do, you take for a moment your eye off the lights and look down at your feet, you will find a kerbstone of granite from Mysore. Then they have also imported coffee into this country, coffee of which we have partaken this evening. I am sure that if there are any who will to night, after drinking it, spend a wakeful night, they will in the morning bear testimony at any rate to the potency of that drink. If, on the other hand, they pass the night without once waking up, they will say what a splendid coffee this is to drink after dinner.

Mysore, also, of course, is celebrated, and justly celebrated, for its great hydro-electric scheme, which has been of such great advantage to the country and which has carried rural electricity into the agricultural districts. When we were going to initiate a scheme of hydro electricity in Madras, I remember that I visited Mysore with some of my experts to see how the work was carried on there, and I was taken to the big dam which I very greatly admire. I am afraid my admiration for it was not entirely scientific, because there was a pool below the dam in which I was allowed to fish, and I remember so well seeing there a fish of which probably I had only dreamed of and thought would never be real, of which I had heard stories but believed that they were only fables. I actually saw this fish, but it disappeared into the bottom of the pool driving into the public front a smaller member of the family who, with great audacity rose, and with whom I had to be content as a victim of my rod.

There must be very many present here who, in the past, have been deeply grateful to His Highness the Maharaja for the hospitality which he has shown in Mysore. On the occasions of his birthday and the Dasara he gathers his friends around him, and I know that there are many Englishmen and English ladies who have enjoyed

the great sights which can be seen there owing to the kindness and to the hospitality of His Highness. How well one remembers his birthday there. I remember when His Highness rode up on a splendid caparisoned horse at the Guest House on the Birthday evening, and the review, the illuminations and the splendid processions. I once was present at the Dasara. I am not perfectly certain whether I ought to say how I was present at that Dasara, because it was not always considered possible for a Governor to be present at the Dasara because, if I may use a homely phrase, it was not possible to have "Two Kings of Brentford" at the same time, but by kindly arrangement with His Highness, which we arranged privately together, I was able to be present, and to take you into a secret. I saw it from purdah, but all I can say is that my successor out here was so pleased with my efforts that he arranged, by the kindness of the Maharaja, to follow my example on a later occasion.

I think that some of my happiest remembrances of India—and I am sure there are many here present who will agree with me—were those when one forgot everything and went out into the jungles of Mysore. I can remember the early mornings when we rose at dawn and went out into the heart of the jungle and pursued bison and tiger in those jungles, and I think others will agree with me that in moments now of work or of anxiety, one can often find relief by remembering those happy days which one spent there owing to the kindness of His Highness the Maharaja.

But, Ladies and Gentlemen, if the State has progressed as well and as fast and as successfully as we know it has done, I am sure His Highness would agree with me in saying that, after his own efforts, he has been deeply indebted to his advisers. We see here to night the former Dewan of the State of Mysore, my friend, Sir Albion Banerji, who was Dewan there for some time, and to whom the State owes a great deal. There is now there my friend, Sir Mirza Ismail, who is working hard for the welfare and prosperity of the State. One of the many pleasures connected with this dinner to night is that one feels that one goes to a birthday party and leaves behind all troubles and anxieties, even if one has just strayed in here from the more austere atmosphere of the House of Lords, but I do not think that I should be break-

ing the usual rule if I just say this that I read with very great interest and real pleasure a speech which Sir Mirza Ismail delivered the other day, and a part of which was reported in the *Times*, during the budget session of the Representative Assembly of Mysore, with regard to the present Bill for the future constitution of India which is before Parliament. If I may say so, I think it was a courageous speech. It was a cautious speech and it was a well reasoned speech. It was a speech which showed no new enthusiasm for the Bill or for Federation. It was a speech which was consistent with everything that Sir Mirza Ismail has said and has done and I believe that it was a very real and valuable contribution to the discussions which are now taking place in this country.

Ladies and Gentlemen, after all, in every phase of life whether it be in the political phase or in any other way, you are making a constitution. Whether you are making rules or whether you are making regulations, what you come down to always is the human factor and it is upon the human factor that the success or failure of the cause will depend, and we can see in Mysore that it has been the combination of an enlightened ruler of zealous counsellors and of a people who are acquainted and devoted to that rule that success and prosperity has been brought about in that State.

I owe a very great debt of gratitude to India. I owe it for many happy days spent there for great help given to me in my work out there by Europeans and by Indians. I owe it for many kindnesses which I and my family have received and I know I am speaking for Lady Goschen—and I would very much rather that she had been addressing you and I had been listening in contentment to what she was saying, rather than that she should be listening and criticising what I am saying—I am certain she will agree with me when I say that we have left a portion of our heart in India. We shall always continue to take the deepest interest in its future and its welfare and our one desire is to maintain our friendship with our many friends Indian and European in that country, and it is for that reason that we are so grateful to those who have asked us to be present here to night to meet so many of our friends, to remember and bear testimony of our friendship with His Highness the conviction that the new constitution

every kindness and help and consideration, and it is with very great sincerity that I ask you now to rise and drink to his health according to him every good wish in the future.

His Highness the Yuvaraja of Mysore, in responding to the toast, said—

MR CHAIRMAN, LORD GOSCHEN, LADIES AND GENTLEMEN,

I rise to acknowledge, on behalf of my brother, His Highness the Maharaja, my sense of deep appreciation of the very kind some terms in which Lord Goschen has spoken about him personally, about his administration and about the general progress the State of Mysore has attained under his rule. We Mysoreans love our land and we appreciate deeply and are proud of what your Lordship has said about our achievements in Mysore under the rule of my beloved brother, and we cannot remain unmoved when such sincere and heartfelt tribute is paid to the Maharaja and his administration by so eminent and competent an observer as Lord Goschen.

During his Governorship of Madras there were frequent opportunities of contact between him and my brother, and there grew up between them an understanding which was really cordial and sincere. Sir, lastly, as has been remarked by our Chairman to night, there were ties of affection between Lady Goschen and my beloved late lamented mother, the Dowager Maharani. I was happy to have a share in these contacts and my visits to this country are never so happy unless I meet someone who is dear and near and who has been associated with Mysore. I know that the pleasure the Maharaja will derive from the particulars I shall give him of this commemoration will be enhanced by the knowledge that the toast of his health was proposed by one so dear to him. Both he and his Government will be encouraged to pursue further the path of progress by the observations made by Lord Goschen.

This is not a political occasion, and it is not for me to speak on any controversial matter, but I may be permitted to make one remark with reference to the speech on the future of India made by the Dewan of Mysore at the recent Representative Assembly, to which His Lordship has already made reference. Sir Mirza express could be worked and gave reasons for its necessity the Maharaja from whom we received

acceptance. I am sure that his observations will have been read with satisfaction in this country and I am no less sure that if all concerned face the problems of the new con-

stitution in the broad and generous spirit which prompted the remarks of the Dewar we may look to the future of a Federated India with confidence.

World Trade.

State Intervention in Industry

Paris June 8 1935 — Planning for Prosperity and State intervention in the conduct of business will no doubt figure prominently in the discussions of the Paris Congress of the International Chamber of Commerce which takes place from 24th to 29th June and which will attract a large number of prominent business leaders from the chief countries of the world. A plenary session will be devoted to the subject of the organisation of production and will deal with the possibilities of attaining greater stability between production and consumption. This meeting will be presided over by the well known Italian industrialist Mr Alberto Pirelli, Hon. President of the ICC.

Among the speakers already announced are — Mr Clemens Launers (Germany) who will open the discussion, Mr Louis Marlo (France) President of the European Aluminium Cartel who will deal with national and international agreements between producers and their relation to consumers interests and Mr Harper Sibley (USA) President of the Chamber of Commerce of the United States who will speak on the organisation of agricultural production.

ICC PUBLISHES CARTEL REPORT

In view of this meeting the International Chamber now publishes three reports two of them dealing with industrial agreements and the third with the organisation of agricultural production.

Dr J. W. Reichert, Managing Director of the German Iron and Steel Manufacturers Association is the author of the first report entitled *An International Survey of Cartel Legislation* which describes the pre-war and post-war legislation in this field. Except in the case of the laws of Poland and Yugoslavia existing national legislation does not deal expressly with international cartels and the cartel laws of these countries are therefore states the author applicable to international as well as to national cartels.

The second report on *The Organisation Operation and Economic Results of International Industrial Ententes during Recent Years* is by Mr Capiau (Belgium). After dealing with the share of ententes in world production and the results obtained the author refers to the question of State intervention. Ententes he writes are necessary to the stabilizing of markets of raw materials or agricultural products because they affect the densest layers of the population whose purchasing power it is important to restore. They are to be recommended whenever consumption and production are in a state of incapacity of production of a given product is out of balance i.e. when stocks accumulate and there is a continuous drop in prices. In agreements concluded with the collaboration of Governments it is indispensable to provide a complete system of arbitration safeguarding the minority against any attempt at domination by the majority during the period of the validity of the agreement.

The third report on *The Present Situation in the Production and Marketing of Agricultural Products* is by Colonel James F. Dixon (Great Britain). He describes the effect of the condition of the agricultural industries on other industries, traces the causes of loss of balance in the supply and demand of agricultural products and argues in favour of controlled production in order to restore a paying price level in agriculture. Controlled production the author states does not mean reduced consumption. It means a restoration of purchasing power that has been lost and thereby an increase in aggregate consumption. He also points out that taking stocks off the market without controlling production is worse than useless. Every buyer knows the stocks are there and they have the same effect on prices as if they were free.

DISTRIBUTION QUESTIONS

The above discussion was followed by one on the organisation of distribution (consumption goods), when Mr Willis H.

Booth Vice President of the Guaranty Trust Co. of New York will take the chair. Among the speakers will be Mr. Edward A. Filene (Boston U.S.A.) and Mr. Emile

Bernheim Vice Chairman of the ICC's Distribution Commission and Managing Director of one of the leading department stores in Brussels.

Economics in the West. International Short-term Funds

London June 30 1935.—Before the War the purchase and sale of foreign currencies in London and other world markets constituted a highly professionalized activity in which a relatively few expert operators were engaged. Since the war participation in activities of this kind has broadened greatly partly as a secondary result of prolonged financial and monetary disturbances and partly because the volume of short term liabilities in various financial markets has increased. The average degree of skill and independent judgment exercised in foreign exchange transactions has correspondingly declined. In consequence the machinery of international monetary exchange has been subjected to unprecedented strains; the position of world centres like London has become subject from time to time to grave weakness due to heavy excesses of external liabilities over external assets and the maintenance of orderly financial conditions both internal and international has become far more difficult. Yet as we hope to show by simple acceptance of statistical data the dangers of this position may be easily exaggerated particularly now that machinery has been invented for coping with its potentialities of disturbance.

It is clear nevertheless that by reason of this changed situation a vastly increased importance is attached to what are known as the movements of short term funds between various money markets. The word is inappropriate in this respect that the funds themselves do not move at all only their ownership changes or put in another way the movements consist of exchanges of one country's currency against another. A flight to the pound is simply a strong tendency among holders of other currencies to acquire sterling in London and a flight from the Swiss franc is a movement among people whether in Switzerland or elsewhere who own or expect to own Swiss francs to sell them in exchange for some other cur-

rency. Subject to this understanding it is perhaps permissible for the sake of convenience to speak of movements of short term funds between various markets.

STATISTICAL DATA

In recent years the fluctuations in the amounts of particular currencies held by foreign owners have become so strong an element in the exchange markets that central banks have found it essential to have at their disposal statistical information never before considered necessary. Thus following the report of the Macmillan Committee in 1931, the Bank of England has been provided regularly and at short intervals with details of the amounts and forms of the short term liabilities of London houses to foreign creditors and their short term claims against foreign debtors. This material is not made generally available even after a reasonable lapse of time and scraps of data and general impressions and deductions are all that can be gleaned as to the changing short term money position of London vis à vis the rest of the world. On the general subject treated internationally however the Bank of Central Banks, the Bank for International Settlements has in its annual reports provided valuable material based presumably on confidential figures supplied by its members and from this can be drawn at yearly intervals some information as to the size and distribution of externally owned funds in a number of countries.

To gain an impression of the importance of the funds we have only to consider the Bank's estimates of the aggregate of external short term liabilities of European countries and the United States—a combination which can be regarded as yielding a world total. The figures are gross that is to say, no adjustment is made for the short term assets held by a constituent market against its short term liabilities; indeed it is obvious that if such adjustments were carried to their logical conclusion the resultant net

total would be nil since the external liabilities of one market are at the same time the external assets of others. For the end of 1930 then the total is placed at 70 thousand millions of Swiss francs for the end of the succeeding three years the figures are 45.39 and 32 thousand millions while the estimate just published for the end of 1934 is 29.30 thousand millions. To gain a conception of magnitude the latest figure is roughly equivalent to the aggregate deposits of the London Clearing Banks while the total for 1930 exceeded the combined monetary gold stocks of the entire world.

GEOGRAPHICAL DISTRIBUTION

The figure is not divided as between the various markets but from associated information some suggestions as to its geographical distribution can be obtained. The Macmillan Committee had estimated London's short term external liabilities at the end of 1930 at say £450 millions—incidentally three times as much as the stock of gold at the Bank of England and more than twice as much as London's short term assets. The Bank of International Settlements placed the gross liabilities at London at the end of 1933 at about the same level and in its latest report states that no noteworthy decline occurred during 1934. The correspondence of these year-end figures however cloaks wide fluctuations in the intervening periods both in the aggregate of liabilities and in the nationality of the creditors. In the early part of last year for example American citizens sold large quantities of sterling assets on the fixing of a new gold value for the dollar and these heavy offerings of sterling had the effect of substantially lowering its value in terms of gold currencies. Moreover the sterling balances of countries in the £ bloc were reduced during the year to the bare minimum consistent with current business relations. Against these reductions must be set a substantial increase in the amount of sterling owned by countries within the sterling area—an increase placed at £150 millions over the two years to the end of 1934. It is evident by the way that the position of London is far stronger when its external creditors are in countries whose currencies are based on the pound than when they are nationals of countries outside that category. If now a figure of £400-450 millions be accepted for the end of 1934 more than one fifth of

the world's total—say 6500 millions of Swiss francs—can be traced to London.

For New York the year end fluctuations have been far more pronounced. At the end of 1930 foreigners were estimated to hold over 2700 millions of dollars—largely the result of their participation in the preceding stock exchange boom—but by the end of 1933 the total had been reduced to \$500 millions. No figure is available for the end of 1934. It is known that Americans converted into dollars large quantities of their external short term assets but no estimate has yet been published of the extent to which on balance foreigners sold or bought dollars. At a guess we may suppose that New York accounted for perhaps Sw fr 1500 millions of the world total at the end of 1934.

Thirdly Germany is a heavy debtor on what can be nominally described as short term external debt—nominally because the bulk of it is subject to restrictive arrangements providing for gradual liquidation but restraining the freedom of the creditor to dispose of his German funds. At the end of 1930 Germany's short term indebtedness was placed at Rml 16000 millions the latest available estimate for February 1934 puts the total at 6700 millions or say Sw fr 500 millions. Thus more than one half of the world's total is accounted for by three countries and a distinction is at once apparent between countries which like Germany and others in central Europe contracted their liabilities by actual borrowing and those which like Great Britain and Switzerland—until recently a depository of large amounts of refugee money—were debtors in respect of funds placed with them on the initiative of the owners. A related distinction appears between those liabilities which are subject to a call for liquidation at any moment and those which are frozen and therefore no longer in a true sense to be placed in the short term category. The Bank for International Settlements has computed that of the Sw fr 32000 millions outstanding at the end of 1933 no less than 11500 millions was blocked by exchange restrictions standstill agreements and other measures.

THE SHRINKAGE OF THE TOTAL

The decline since 1930 in the aggregate of external liabilities is not difficult to explain. Part of it is purely arithmetical due to its expression in terms of Swiss

frances Both the dollar and the pound sterling have since 1930 depreciated by about 40 per cent in terms of gold or Swiss francs hence one hundred millions of dollars or pounds in 1930, contributing 500 or 2 500 millions of Swiss francs to the total for that date gives only 300 or 1,500 millions to the total for 1934 If the world totals in Swiss francs be revalued in sterling, at rates appropriate to the various dates, the comparison runs as follows —

End of year	Millions of Swiss francs	Millions of £ sterling
1930	70 000	2 800
1931	45 000	2 600
1932	39 000	2 300
1933	32 000	1 900
1934	29—30,000	1,900

Expressed in sterling, then, the decline in the aggregate since 1930 is far less pronounced, and this measure is in a sense the more realistic, partly because sterling rather than gold is now the principal basis of the world's international trade and finance, and partly because the commodity value of sterling has remained approximately stable over the period, while that of gold has greatly increased The reasons for the shrinkage become clear when the nature of various component parts of the total is examined First, a substantial proportion arises in the ordinary course of international trade When Argentine exporters sell maize in the Liverpool grain market they receive sterling in payment for it, and some time elapses before the sterling returns to British ownership in consideration of goods sold to Argentina The same holds true of sales of Australia's wool, South Africa's gold, India's tea and a host of other products Thus there is always a large floating supply of sterling, owned by overseas countries in respect of trading operations With the shrinkage of world trade the quantity of such funds has undoubtedly decreased—probably more than proportionately—but it is still said to represent by far the largest single part of the total, and it increased during 1934, mainly in the form of 'sterling' Secondly, the service of the vast corpus of international debts necessitates the accumulation of funds in creditor countries for interest payments and capital redemption purposes Thus in London, again as an example, the Australian Government, several Indian railways and innumerable companies operating overseas between them possess at

any moment large sterling resources for ultimate distribution among bond and share holders Here again, with the widespread suspension of debt service and reductions in interest rates, the volume of such foreign-owned funds must have declined

Thirdly, many central banks hold stocks of foreign currencies as part of their equipment for regulating monetary conditions The adoption of exchange standards, rather than a direct gold basis, for a number of currencies after the war led to a growth of such holdings, but in recent years there has been a strong tendency for central banks to convert the bulk, if not the whole, of their foreign exchange reserves into gold On the other hand, some central banks considered in association with governmental exchange stabilization funds, have acquired foreign exchange holdings for the purpose and in the process of smoothing out violent exchange rate fluctuations The central banks of England, Belgium, and the United States are important examples Probably however, the aggregate of this class of funds too, considered as a whole, has declined since 1930, though an increase was recorded last year, mainly in the form of sterling held by central banks within the "sterling group" Next, a large part of the 1930 total consisted of borrowings by various European countries, in the process of post-war reconstruction, to replenish their supplies of working capital Unhappily, much of this part was in essence long term borrowing, and has accordingly become frozen Nevertheless, the aggregate has been heavily reduced since 1930 by repayments out of export surpluses and past accumulations of short term assets, and from the proceeds of sales of long term foreign assets The process has been aided, too, by the partial or entire suspension of interest payments Germany has already been mentioned as an example, but Russia may be added, since her short term debt of Sw fr 3 750 millions at the end of 1931 has been almost entirely extinguished, largely by exports of newly mined gold Again, substantial quantities of short term debt—those of Austria and Argentina, for example—have been definitely consolidated into long term obligations

'FINANCIAL FUNDS'

All these four components of the total have then declined, and we are left with no more than a residuum The classes of

funds thus far described present at the moment no danger or difficulty. So far as they possessed at one time the quality of fluidity, expressing itself in sudden heavy sales of a particular currency, that quality has been removed. It is, then, to the remaining categories of funds, which together compose a far smaller aggregate than appears at first sight, that we must look for the source of the new difficulties of the post-war era in foreign exchange. We may describe these remaining funds as 'financial' for want of a better name, and their total gold value is said to be actually larger than in 1930, though some decline was recorded during 1934. They can be divided into three main groups which vary in importance from time to time. First, there are funds held by foreigners in a particular market because it is believed they will earn more than their counterpart at home or elsewhere. In 1929, for example, a very large share of the foreign-owned dollars in New York consisted of funds placed there in the expectation of earning more in interest than could be earned in London or other centres. At that time the rate of interest on 'call' money in New York ranged around nine per cent, whereas short money rates in London were only about four per cent. In this sense much of the foreign-owned money lent to central Europe was of the same kind, but the funds of which we are now speaking are those placed, for unfixed periods, entirely on the initiative of the creditor. Such funds which may be called interest money have by this time sunk to a low level, since nowadays relative interest rates are a minor consideration in international exchange transactions. They have been replaced largely by a second group, which we may call 'speculative funds', acquired in the hope of a profitable deal transaction in the exchange market. When, for example, the devaluation of the Belgian currency was regarded as imminent, many people sold belgas in exchange for, say, sterling and gained a profit when they bought their belgas back after the devaluation. Again, early in 1934 many people felt—erroneously as events developed—that by reason of domestic political difficulties the French franc would be forced to abandon its parity with gold. Accordingly they sold francs, expecting to buy them back at a cheaper rate. So strong was the movement that the Bank of France was forced to sell very

large quantities of gold to maintain the parity of the franc but suddenly with a change in the political situation the tide turned, francs were in strong demand once again, and gold rapidly flowed back to France. Similar transactions take place under less dramatic circumstances when, for example, it is thought that sterling is likely over a short period either to gain or to lose value appreciably in terms of gold currencies. The objective of all such speculative movements is a gain in capital as distinct from interest.

Finally, there is a third and almost entirely new, but now large volume of financial funds seeking security against feared depreciation of their owners' own currency units—depreciation which is usually conceived in terms of gold. At the present moment for example many foreigners hold sterling funds for no other reason than that they entertain fears concerning the future value of their own currencies. The logical end of this search for safety is, to be seen in the large quantities of gold held on private account in London and elsewhere. The Bank for International Settlements estimates that the quantity of gold hoarded outside India, China and Egypt was at the end of 1934 the equivalent of about \$17,700 millions, and that nearly one half of this—say £200 millions at present prices—was held in London alone wholly for foreign owners. But the acquisition of gold is not always convenient or considered desirable and many people have sought security in different currencies from time to time. In 1933, for example, Americans bought large quantities of sterling, selling them only when early in 1934 the dollar took upon itself once again a more or less fixed value in terms of gold. For some years again until recently Switzerland was a favourite refuge for these migrant funds and France has acted from time to time in a similar capacity.

The quality common to funds of all these three types particularly the last is extreme lability and susceptibility to mass movement. The classes of foreign-owned funds previously described—those associated with the conduct of current trade and finance—seldom move very fast or in unwieldy volume, but those just categorized do. The idea that safety or profit demands a quick acquisition or disposal of a particular currency spreads rapidly, the more so as its effects become evident in a lowering of the

exchange valuation of the currency. The idea spreads, and its practical expression grows in force, until on occasion the movement becomes so strong as to be beyond control. This has been a major immediate cause of the depreciation, whether temporary or lasting of a number of currencies in the monetary experience of the past few years.

THE DISTURBING ELEMENT

It is impossible to break up even approximately, the total of short term liabilities in London or in all markets combined into its component parts. Putting together however the statements already quoted as to the volume of trade funds and the amount of frozen money, it is possible to gain a rough conception of the size of financial funds—they can hardly now be more than Sw fr 10 000 millions, though this itself is a disturbingly large total. In London it is evident that of the supposed £400–450 millions of short term liabilities at the end of last year a large part consisted of funds held in course of trade or debt service, and that this part is relatively stable. Moreover, that part consisting of other countries' monetary resources must exceed £150 millions and is only somewhat less stable. The violently fluctuating part consisting of what we have called financial funds, can scarcely be more than one fifth of the total. Yet when we reflect that our total gross income from abroad in respect of exports visible and invisible probably falls short of £70 millions a month, it is easy to see what violent disturbances might take place in the external value of sterling by reason of sudden movements either to buy or sell sterling on the part of foreign operators if it were not for measures of protection evolved since 1931. Even with such measures sterling lost almost three per cent or gained rather more than one per cent this year, mainly or wholly as a consequence of foreign disposals of sterling and since then has gained more than five per cent largely because the gold value of sterling was regarded as more assured for the moment than the gold value of the present gold bloc currencies. Evidently, in the words of the Bank for International Settlements, movements on capital account continue to overshadow the transactions on account of merchandise trade, interest payments and similar items.

It is the alarming scale of such operations

—both speculative and security seeking—which has led to the equipment of various monetary authorities with resources not previously possessed for operating on the exchanges. Thus in 1932 the British Government established the Exchange Equalisation Account—one of the most prudent and far seeing measures of Mr Chamberlain's administration—in order that the Bank of England, by buying and selling foreign currencies at appropriate times might offset as far as seemed desirable the wider short term fluctuations in the exchange value of sterling, due to non trading movements of funds. We say as far as seemed desirable because for tactical reasons it may some times be considered preferable to let the exchange take its course. It would be wrong to suppose that because the exchange value of sterling falls heavily when foreign owned funds are being removed therefore the exchange account has necessarily exhausted its powers on the contrary the authorities may have decided that it is desirable for speculators to accept a salutary loss. There can be no doubt in any event that but for the operations—and indeed the mere existence with its premonitory implications—of the fund the fluctuations in the exchange value of sterling would have been far wider and more violent than they have been. It is significant too that other countries notably the United States and Belgium, even though their currencies are linked with gold have more lately found it desirable to equip themselves with similar funds.

The necessity of equipment of this sort in conditions of unfixed exchange relations is sufficiently obvious. But in the new post war conditions it seems almost as obvious that some such instrument will remain a necessary part of central bank organisation even if and when all currencies again become fixed in terms of gold. When that happens the volume of volatile short term funds may decline with the final repatriation of refugee money, but may increase again by virtue of movements in search of the maximum earning power. The difficulties encountered for example, during the New York stock exchange boom in maintaining the external value of sterling without penalizing home industry through restrictive monetary measures are sufficiently well remembered to demonstrate that the old machinery of gold movements and Bank

rate changes was inadequate and too harsh in its operation to cope with the new development. It may very well be there fore that the exchange fund in the control of the central bank has introduced a new element into our monetary equipment which will become an important instrument for

insulating our domestic monetary conditions from the largely irrelevant movements in an expanded volume of floating internationally owned funds. So it is that through difficulties intensifying to crisis we reach the solution of deep seated problems of economic life.

Canadian Trade and Finance.

Foreign Trade

Montreal May 29 1935.—In each month but one since May 1933 Canadian exports have exceeded the exports of the corresponding month of the preceding year. This cumulative increase has reached large proportions. For the calendar year of 1934 as compared with 1933 Canada made greater gains in exports than any country except British Malaya and the gain in Canadian imports was surpassed only by British South Africa.

Fiscal Year ending March 31	Canadian	
	Exports	Imports
1933	\$473 799 905	\$406 383 744
1934	5 9 343 146	433 798 625
1935	6 9 474 994	522 431 153

This improvement in the volume and value of foreign trade is by no means a worldwide phenomenon. In fact the value of Canadian exports to countries other than those within the Empire and to the United States declined between the fiscal years 1933 and 1935 by fifteen million dollars. In this interval sales to the British Empire increased by \$119 millions and those of the United States by \$81 millions, a combined increase of \$200 millions. Thus recovery in foreign trade has been a major influence in the steady improvement under way in Canada.

While recent statistics from the League of Nations do not indicate that the downward trend in world trade outside the British Empire has been completely arrested, yet there are indications of incipient recovery in South America and Asia markets of peculiar interest to Canada. To Japan for instance Canadian exports in the fiscal year 1935 were \$16 936 000 as compared with \$13 503 000 and \$3 312 000 in 1934 and 1933. To every country in South America except Peru, Canada exported more goods

in the fiscal year 1935 than in 1934. While the total improvement in the value of exports to Latin America cannot be considered a great importance yet the fact that there were gains in the exports to most of the countries of Latin America is significant. The record of exports to the Empire and to the United States in 1934 and 1935 has already been mentioned. The following table contains a list of other countries to which the exports of the fiscal year exceeded those of 1934.

CANADIAN EXPORTS
(Fiscal Year ending March 31st)

	1934	1935
Argentina	\$2 793 801	\$3 997 974
Brazil	1 758 380	2 748 578
Chile	276 533	557 303
Colombia	491 184	973 0
Cuba	993 019	1 203 854
Dominican Republic	178 017	261 275
Ecuador	60 300	140 461
Haiti	151 528	150 033
Mexico	1 680 766	1 885 330
Panama	233 430	259 717
Uruguay	140 273	186 445
Venezuela	401 306	484 510
Japan	13 802 760	16 936 669
Iraq	30 578	120 231
Dutch East Indies	412 180	554 273
Dutch West Indies	76 487	124 743
Norway	3 912 408	4 788 736
Italy	3 543 315	3 630 630
Spain	1 822 626	2 620 984
Sweden	1 441 030	1 637 603
Finland	378 539	345 367
Switzerland	275 539	622 264
Portugal	86 616	95 257
Russia (U.S.S.R.)	16 722	21 712
Roumania	14 209	151 582
Portuguese Africa	952 519	1 372 743
Egypt	179 578	297 984
French Africa	61 223	97 114

TRADE WITH AUSTRALIA & AFRICA ETC.

Between 1933 and 1935 Canadian exports to Empire countries other than Great Britain increased by more than 100 per cent. Next in importance to Canadian exports to Great

Britain and the United States stand exports to Australia. In 1933 these exports had a value of seven million dollars, in the fiscal year 1935 their value amounted to eighteen million dollars. During the same interval exports to South Africa increased from four million dollars to twelve million dollars, and those to New Zealand from three and one half million dollars to more than seven million dollars.

The success which has crowned efforts to foster trade between these Empire countries is remarkable in view of the natural limitations upon the volume of goods which can

be advantageously exchanged. Both Australia and Canada, for instance, produce large quantities of wheat and flour, each is a large producer of cattle and meat. Australia is one of the largest dairying countries, but Canada produces sufficient butter for her own requirements. Both countries are making every effort to supply a "steadily increasing proportion of their own requirements of manufactured goods, yet, notwithstanding these limitations, Australia ranks third among the export markets of Canada. While a somewhat similar argument might be put forward to prove that there was

EXPORTS FROM CANADA TO EMPIRE COUNTRIES OTHER THAN GREAT BRITAIN
(Thousands of dollars)

Fiscal year ending March 31

	Exports			Imports		
	1933	1934	1935	1933	1934	1935
Australia	7 313	12 139	18 082	5 903	5 363	6 327
British South Africa	4 002	7 287	12 128	4 907	3 641	3 297
British West Indies and British Guiana	7 774	7 841	8 562	12 014	10 500	14 554
Newfoundland	5 844	6 131	6 469	546	630	1 559
New Zealand	3 608	4 480	7 345	970	2 613	2 575
India	2 415	3 743	4 121	4,094	5 942	6,413
Irish Free State	2 247	3 515	4 106	36	32	35
Total Empire other than Great Britain	33 003	45 136	60 813	28 470	28 727	34,550
	37 758	50 424	67 301	33 918	35 303	44 502

CANADIAN EXPORTS
(Thousands of dollars)

	Australia			South Africa			New Zealand		
	1932	1933	1934	1932	1933	1934	1932	1933	1934
Automobiles and parts	691	2321	4612	874	1498	3541	236	352	1473
Cotton fabrics and manufactures	497	476	1007	37	34	32	26	28	52
Electric apparatus	44	116	130	301	453	572	165	151	269
Farm Implements	67	84	169	435	358	1002	55	99	103
Films	238	204	290				4	16	5
Fish	1050	1234	1475	85	181	360	213	175	299
Fur and its products		8	10	506	93	1596	403	482	503
Hardware and cutlery	37	60	108	8	48	70	61	41	84
Machinery	75	215	477	56	116	202	58	26	75
Paper	2114	2463	3956	137	319	383	860	957	1300
Pipes, tubes and fittings	69	97	175	75	60	100	58	77	126
Rubber products	9	9	14	400	568	1434	574	658	1170
Rails					608	353			
Socks and stockings				395	638	976	265	218	259
Tools	112	203	365	3	34	60	20	37	66
Wood products manufactured and unmanufactured	1528	1938	2691	113	263	527	62	74	131

Note—The table is based on figures for the calendar years indicated

little basis for trade with South Africa and New Zealand it is of more interest to examine the products which have come to make up the bulk of Canadian exports to these countries.

To all three countries Canada sends automobiles and parts, fish, textiles, pipes, tubes and fittings, farm implements and wood and wood products. The heaviest gains have been made in automobiles, paper and lumber. The table, however, gives only the leading items amounting to \$32 millions out of \$37 millions of exports. In addition, Canada sends to Australia aluminium products, asbestos, brass clocks and watches, coal, glassware, soda compounds and stationery. To South Africa go candy, felt, cereal foods, fruits, pickles and most important, rails. Rubber, footwear, tires, onions, salt, manufactured leather goods, macaroni, corn, starch, furs and clover seed are among the many other items which make up the remaining \$5 millions.

On the whole, Canadian exports to these countries are much more varied than her imports. From Australia, South Africa and New Zealand, Canada imports fresh, dried and canned fruits, sugar, wool and hides. These few items account for eleven of the twelve million dollar imports from these countries. With the maximum of goodwill, it is doubtful whether the variety of imports can be much increased, since Canada herself produces most of the other products of these countries. This situation was recognized at the Empire Trade Conferences and in face of this natural limitation upon Canadian imports, these countries each made liberal concessions to encourage purchasing from Canada.

WORLD WHEAT SITUATION

World shipments of wheat from August 1, 1934 to May 13 last, amounted to 413 million bushels, slightly less than the total of 414 million for the corresponding period of the previous crop year. In the current total, shipments from North America (largely Canadian) have fallen off to 127 million bushels as compared with 178 million in 1933-34. Shipments from Russia were 24 million bushels smaller and Russia has been but a negligible factor in the wheat export situation this year. These reductions were offset by increased shipments from the Southern Hemisphere. Since the beginning of the season, the Argentine has shipped 149 million bushels as compared

with 101 million last year. Australian exports have amounted to 91 million bushels against 70 million in 1933-34.

Total world requirements for the crop year were placed at 544 million bushels. With shipments to date amounting to 413 million bushels, a balance of 131 million remains or an average of about 12 million per week.

Great Britain in 1933-34 imported 240 million bushels of wheat, either as grain or flour, or 46 per cent of the total quantity shipped to all destinations. British requirements for the current year are placed at 224 million bushels—41 per cent of the total for all countries. Imports to May 4 amount to 159 million bushels, leaving 65 million still to be shipped. Actual shipments from May 4 last year to the close of the season totalled 60 million bushels.

Supplies in the Southern Hemisphere are already much smaller than they were on August 1, 1934, and indications point to the reduction of the stocks carried over in Argentina and Australia to normal levels. The Argentine commenced the crop year with total supplies of 358 million bushels, including a carry-over of 120 million bushels. By the deduction of domestic requirements and shipments to May 10 of 149 million bushels, we reduced the amount on hand to 114 million bushels as compared with 167 million at this time last year. Australia, with a carry-over of 70 million bushels, had total supplies of 205 million bushels; these have been reduced to 64 million bushels against 111 million at the corresponding date, 1934.

Ocean shipments from Canada to May 10 amounted to 96 million bushels—substantially less than the total of 121 million bushels shipped last season. When shipments of Durum and feed wheats to the United States are added, the total disposed of amounts to 134 million bushels. The world demand for wheat has continued relatively small and with continued pressure of Southern supplies of cheaper grain, the opening expansion of Canadian shipments that usually follows upon the opening of navigation on the St. Lawrence River, has not materialized. Broomhall has now reduced his estimate of the total probable shipments from Canada to 200 million bushels, this compares with actual shipments of 195 million bushels in 1933-34. To reach this total, shipments during the remainder of the

season must be considerably accelerated and must average about $5\frac{1}{2}$ million bushels each week. On this basis the carry over on July 31 will amount to nearly 170 million bushels. Such a carry over would be substantially less than the total of 203 million bushels on hand at the beginning of the year, but the reduction achieved would be much less than the reduction in stocks in either the Argentine or Australia.

The gradual advance in wheat prices which commenced last February and extended into April was halted by reports of improved weather conditions in the United States and Canada. No clearly defined reaction followed the rise and the gains made have been well maintained. Decline in Winnipeg have been relatively small and prices are substantially above the pegged minimum set some months ago. In Liverpool quotations for all classes of wheat have also shown little change during the past month.

Seeding operations in Western Canada are more backward than in any year since 1920 only 31 per cent being completed as at May 8 against 72 per cent last year. Moisture conditions however are better than for several years the repeated showers of the past two months giving every indication that the long drought has been broken. Even the dry belt in Saskatchewan had heavy rain. The acreage sown to spring wheat is estimated at 22 800 000 acres, a reduction of 3 846 000 acres during the past three years. Prospects are considered generally satisfactory in spite of the uncertainty resulting from the lateness of seeding.

Despite the prevalence of continued dry conditions over large portions of the wheat area of the United States crop prospects in that country as a whole are much better than they were at this time last year. They are still much below the longtime average chiefly as a result of the effects of last year's widespread drought. Abandonment of acreage sown to winter wheat has been heavy—31 per cent of the total as against 21 per cent last year and an average abandonment of 12.6 per cent during the ten years 1923-32. The acreage remaining for harvest is placed at 30 497 000 as compared with 32 945 000 in 1934 and an average of 39 454 000 acres. The outlook for the crop on the remaining acreage is much improved

over last year and as at May 1 the average yield per acre was officially placed at 14 bushels against 12.3 bushels in 1934. On this basis the outturn of the winter wheat crop is estimated at 431 637 000 bushels. This compares with 405 034 000 bushels in 1934 and a ten year average of 618 146 000 bushels. The outlook in the spring wheat area is also much improved and a repetition of last year's small crop of 91 43 000 bushels is not to be expected. Seeding of spring wheat is well advanced but no official statement of the acreage sown has as yet been issued. Together with winter wheat, average acreage and growing conditions for spring wheat should provide the full amount required for domestic purposes—about 650 000 000 bushels. The carry-over is expected to amount to approximately 160 000 000 bushels so that the United States will apparently have sufficient wheat for her own needs during the coming crop year. Should the yield of Spring wheat exceed present indications a surplus might be available for export. The lack of sufficient quantities of Durum wheat and the general shortage of feed for livestock necessitated substantial imports. Canada shipped to the United States 7 500 000 bushels of Durum and 8 700 000 bushels of feed wheat in addition to 2 780 000 bushels of oats and 6 800 000 bushels of barley. Under present conditions it can hardly be expected that this outlet for Canadian grain will remain open during the coming season.

The total area sown to winter wheat in the twenty five countries for which reports are available is 172 983 000 acres compared with 175 883 000 acres for the 1934 harvest. In Europe excluding Russia, the estimated acreage is about two per cent greater than last year. The winter wheat area in Russia, which is not included in the above totals, is placed at 31 800 000 acres against 29 900 000 acres last year. The crop came through the winter well in most countries. Reports from Europe are generally favourable but unseasonably cool weather has retarded normal development both in the Danubian Basin and in Western Europe. Drought has caused considerable damage to the Spanish crops and has reduced the outlook in Italy, where present prospects indicate only average yields. Should these adverse conditions continue some increase in the European demand for wheat may develop during the coming season.

SUGAR

The Cuban sugar industry is in a more favourable position than at any time during the past five years. The world market has been strong and prices have risen slowly but steadily in the United States prices of Cuban sugar have advanced from approximately 75 cents per cwt in June 1934 to \$2.50 per cwt. This gain is of particular importance to Cuba because the present system of quotas enables Cuba to market two thirds of its crop in the United States. This improvement may be attributed to a number of causes including the reduction in the United States duty on Cuban sugar, the restriction of supplies under the Jones Costigan Act which permits Cuba to realize the full benefits of the duty concessions and the gain in sugar consumption in the United States since the beginning of the year.

Two reductions in the United States tariff on Cuban sugar became effective during 1934. At the beginning of May a presidential proclamation reduced the duty by 62½ cents per cwt and the full duty rate on 96° raw sugar became \$1.875 per cwt and that on Cuban sugar \$1.50 per cwt compared with the previous rates of \$2.50 and \$2.00 respectively. On August 24 a new Reciprocity Treaty was signed whereby the duty on Cuban sugar was reduced to 90 cents per cwt. This special duty however, will be in effect only during the operation of the Jones Costigan Act which if not renewed will expire on December 31, 1937. There was a steady increase in the price of Cuban sugar to the end of April. Although there has been a slight reaction in May prices are still substantially above those of last year and are higher than for seven years past.

The restriction of supplies entering the United States from all sources under the Sugar Control Act has assisted the Cuban industry by providing a definite market for a stipulated quantity of sugar. Each area supplying sugar to the United States has been given an annual quota based on the estimated consumption of the United States and on the average production of the specific area in recent years. The Cuban quota for 1934 was 1,698,214 long tons and shipments were completed by December 18. Local and insular sugars were marketed early in the season and in the later months only Cuban sugars were available. As a result of the fixed price established by the

Cuban Government a part of this sugar could not be sold until 1935 but was shipped to the United States and admitted under the 1934 quota.

According to Willitt and Gray sugar consumption in the United States during 1934 declined 2.5 per cent compared with the previous year and 12 per cent compared with 1929. This decline was accompanied, however, by an unusually large use of invisible supplies and it is believed that invisible stocks at the beginning of this year were very small.

In January the Agricultural Adjustment Administration established quotas for 1935 based on an estimated consumption of 5,677,000 long tons of which the Cuban allotment was approximately 1,658,000 long tons. But consumption has exceeded all expectations. Meltings of raw sugar by United States refiners in the first four months of 1935 were 1,316,946 long tons compared with 1,054,200 long tons in the same months of 1934. This notable gain is attributed to the replenishment of the invisible stocks as well as to a gain in actual consumption. Shipments of raw sugar from the insular possessions and Cuba have been rapid. According to the A. A. A. 42.6 per cent of these quotas were filled by the end of April. Puerto Rico and the Philippines have shipped 54.3 and 49.4 per cent respectively but Cuba has shipped only 39 per cent. If sugar consumption is maintained during the summer it is possible that the quotas fixed may not be sufficient for requirements and anticipation of this condition has checked any tendency toward selling pressure. In the event of a demand greatly in excess of the quota however the A. A. A. is likely to prevent excessive prices by authorizing an increase in the quota of sugars entering the United States.

The total output of sugar in Cuba for the present season was restricted to 2,315,000 long tons by presidential decree but unusually heavy yields have caused production to exceed estimates and the output is now expected to reach 2,500,000 long tons. Exports of sugar to destinations other than the United States are estimated at approximately 930,000 tons of which 220,000 tons will be taken from the stocks segregated under the Chadbourne Plan. This plan of international co-operation was organized in 1930 by the principal cane and beet sugar exporting countries. The heavy stocks then

available in those countries were segregated and the agreement provided for their release in five annual instalments. The plan will normally expire on August 31, 1935, and by that date all segregated stocks in Cuba will have been sold, and it is anticipated that available supplies in Cuba at the end of the present year will be normal. Negotiations are now in progress for a renewal of the international agreement for a further period.

Although world prices for sugar have not advanced proportionately to gains of Cuban sugars in the United States, yet an average of Cuban sales to the United States and to world markets would come to about \$1.95 per cwt. The general improvement in the outlook in the sugar market has had a favourable influence upon all phases of the economic life of Cuba. Bank clearings, railway receipts, volume of imports and whole sale and retail trade have all responded

to the stimulus. There are other parts of the world where sugar is an important product, but in none is its influence so completely dominant. Ever since the establishment of a republic Cuba has made special tariff concessions on imports from the United States. With the low prices which have prevailed—her purchasing power was materially reduced, but with the restoration of an opportunity to sell her main product at a price bringing a reasonable profit her purchases from the United States have already shown substantial improvement. The United States has given Cuba the opportunity of maintaining its production of a commodity to which Cuba's climate and natural resources are peculiarly adapted. This is an outstanding example of the broad statesmanship which will be essential in world affairs if international trade is to be rehabilitated.

Current Comment.

By "Scrutator".

The story of Italian relations with Abyssinia is like that of any other European nation with the East. There is hardly any use in blaming Italy for what has been normal to European nations, and even America for some decades now. The doctrine of spheres of influence has done its worst and the impasse created in Abyssinia is only one of the latest instances of that dangerous doctrine. Whatever the outcome of the attempt of the League of Nations to settle the matter without recourse to arms, it is to be hoped that Mussolini who has shown himself not wholly unwise in other directions will yet resist the temptation for war and amicably settle pending questions. To play Cæsar is not everything. What cannot be settled by reason is after all *not* going to be settled by war. For the truth of that observation, look to the effects of the last Great War in Europe and indeed all through the world, and you have a good picture of it to gaze for sometime to realise what it is going to be with any other war. War is insanity and war is waste. War is against religion and war is opposed to morals. War is a tyrant, is death's feast, is horrid, and is the statesman's game. This pedantic art is to be discarded and ostracised if civilization is to survive. Let us hope for the best.

The Lords have debated the India Bill and their final amendments have been passed. The Commons have consented and His Majesty has approved. The majority machine has been worked and the Bill is an Act of Parliament. That is not bad from one point of view. The prolonged discussions have ended and a chance given to the Act—just to see if it can be worked. The unworkable parts of it—if there be any—will soon be made visible. The Congress if it will do nothing else, will see to this aspect of the matter. Office or no office, it is bound to show that a Constitution that depends on safeguards at every step, reservations at every point, and outside control in almost all directions where independence of action is to be prized, is neither a practical nor a reasonable proposition. But the possibilities are that the attitude of the Congress will be one to allow time to help its onward march. Congressmen are, after all, human and they realise when and how they can strike an effective blow for what they conceive their birthright.

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Whatever the Congress may do in regard to working the Constitution or wrecking it as it is called, it is difficult to understand the

attitude of certain of its critics who are exponents of States' views. Whatever may be said against the States and their attitude in regard to internal reformation, there can be no question that they are political entities and that as such they have rights as against the suzerain power, reserved in most cases by Treaties, Sanads or Engagements. It is idle to suggest that the Congress can, with the loaded programme it possesses, either ignore the constitutional aspects of the problem or the practical bearings of the present position. Statesmanship consists in leaving things well alone especially where example is likely to prove infectious. States are not uniformly conservative nor are they uniformly impervious to public opinion. Even liberal-minded Rulers may rightly resent interference and invasion of their constitutional position. Impatience in a matter of this kind is bound to be followed with results which might prove more harmful than useful. Messrs Amritlal Srth and Co may seem to be righteously angry with the Congress in this connection but that the Congress is eminently practical in the standpoint it has taken, there can be no question. A clear cut definition of the Congress attitude, as the worthy Seth wants, may seem good on paper but its repercussions would prove too serious for words. Hasten

low is not bad as a policy in a matter of this kind, though we would not say that hastening is at all bad. But tabian tactics are bound to pay for it is likely to prove helpful in educating even our masters.

To those who desire to understand the implications of a Federal Constitution, we have time and again recommended a closer study of the American Constitution. Messrs Appleton have just issued a volume on it and it is my duty to urge it on the attention of my readers in this *Journal*. It is a timely publication and it ought to prove helpful to Indian students of the new Indian Constitution. *A Constitutional History of the United States* by Andrew C. McLaughlin, is, we think the only brief yet comprehensive and up to date book on its subject. In a balanced consecutive narrative, it covers from 1750 to 1933. It is not a history of constitutional law in any narrow sense, but the story of the development of constitutional principles and interpretation in association with political controversy and actual conditions of society. Nor is the volume a dry, factual compilation, but rather a vivid portrayal of a people engaged in the task of building a nation. A book to read to refer and to keep.

The latest edition of the *Annals Yearbook of the League of Nations* contains information on the organisation of the army, navy and air force of 64 countries not counting colonies. As regards most of these countries the information is up to May 1935. Effectives and national defence expenditure are given for 1934 or 1934-35 and budgetary estimates in some cases for 1935-36.

To enable a clear view to be obtained of the development of the armed forces of countries mentioned, the chapters on effectives and on national defence expenditure cover not only the latest, but also previous years—generally ten years for military effectives and six years for national defence expenditure.

Special features are the details of the organisation and military status of mandated territories, the various organisations that have recently been set up in many countries for the passive defence of the civil popula-

tion against chemical warfare from the air and the chapter on preparatory military training of the young and the organisation training outside the army.

There are two annexes. Annex I consists of conventions and treaties concluded by various countries for the limitation of armaments. This annex is confined to conventions still in force, the first dating from 1874, and the last from 1935. Annex II contains a certain number of recapitulation and statistical tables. There is, amongst others, a table giving the chief characteristics of the armies of the different countries and one showing the male population by age groups; also a series of comparative tables relating to the navy of the chief sea Powers, etc. There is also an important chapter on world military expenditure from 1925 to 1934. Lastly, at the end of the volume, there is a detailed bibliography giving the sources from which the information has been drawn.

Diary of an Economist.

Industrial Research.

London June 24 1935—Much is being said of the need for research in the industrial field in India. The suggestion has been made that the Indian Institute of Science located in your City should undertake such work to facilitate industrial development. Of course this bespeaks the existence of facilities of the requisite kind at the Institute in men, funds and equipment, quite apart from what may be wanted in the academic spheres of work. However this may be, I would take occasion to invite attention to the research work done in another part of the world in connection with industries. Canada is a go ahead country in regard to industries and industrial research. Ontario has a research foundation named after itself and its Director, Dr H D Speakman reveals in his Report for 1934 its achievements in the field of textiles, metallurgy, chemistry, bio-chemistry, pathology and agriculture. It has been a good year says Dr Speakman, 'and on the basis of what has been accomplished may we not plead for a more convincing and earnest application of some of those research findings both in industry and in agriculture'. He reports that during the year slightly over 100 firms with the province (of Ontario) submitted problems to the Foundation. Income from this source reached \$24,439, an increase of \$6,000 or 33 per cent over the previous year. The results of the work done being strictly confidential, the Foundation cannot derive any monetary help by advertising its accomplishments in this particular field. However, this does not apply to work originating from within the Foundation and supported by its funds. The final step on the road to economic improvement writes Dr Speakman, lies in the field of administration and not research. It is equally true to say that until industry is manned with personnel equipped and anxious to apply the results of scientific research there will be a disparity between the potential and realized results of our work." That is eminently so. With a change in the form of Government, perhaps, India will help to evolve the 'personnel' referred to which can man the industries to be created in the larger interests of the vast population it has to feed.

BRITISH SHIPPING INDUSTRY

The annual report of the Chamber of Shipping throws a strong light on the plight of the shipping industry, and in particular on the devastating effect of the policy of economic nationalism pursued by so many countries to day. Tariffs and quotas, especially the latter, have been the chief instruments in the reduction of ocean transport of cargoes, but exchange restrictions and subsidies have also been important factors. On the other hand, the diversion of trade effected through bilateral agreements has resulted in a lengthening of the distances which some commodities have to be carried. Shipping has not experienced a revival commensurate with that enjoyed in many other industries or even with the slight recovery in international trade. Freight rates were stated to have been slightly better in 1934 than in 1933, but not high enough to meet expenses and depreciation still less to provide any return on capital. British shipping is estimated to have contributed to the national income £64 million in 1934 compared with £59 million in 1933 and £130 million in 1929. Even at their present attenuated value, the report points out shipping services remain the country's chief export, exceeding that of cotton or any other two visible exports together. Emphasis is laid on the fact that, whereas tramp freight rates are some 20 per cent below pre-War figures, running expenses are 50 per cent higher. The report shows how much farther than other countries Great Britain has gone in efforts to reduce the volume of redundant shipping. British tonnage has shrunk in the past three years by 2,500,000 tons gross and is 10 per cent smaller than before the War, whereas all other countries together have effected a reduction in the past three years of no more than 2,000,000 tons and own 77 per cent more shipping than in pre-War days.

That shows the plight of British shipping. Economic nationalism is bad for a developed nation but what of backward countries like India? Nationalism in the economic field is desirable upto a certain stage, for inter-nationalism becomes effective only when the nations competing are equal or nearly equal.

However that may be there is no question that even advanced Britain the greatest carrying nation in the world wishes well of India in building her own shipping. If Indian shipping cannot contribute coal savings to her national income she can at least help to contribute to an increasing extent in the years to come.

GRADUATES IN INDUSTRY

You are having a problem in your educated youth. The latest news from Bengal is that the Governor there has arrived at the conclusion that the terrorism there is more an economic than a political problem. That is satisfactory. A remedy can be applied and the trouble got over. That apart the increased employment of graduates is a matter both for the Government and the University. The question is a large one but my present object is served if I mention what they are trying to do in Canada to get graduates placed in industry. There they have a Technical Service Council and it is in touch with the University. The University which is charged with the duty of training students for academic courses is in close contact with the Council and the Council has touch with the Canadian Manufacturers Association who mutually help each other towards the absorption of new graduates into business callings. The other day the Department of Political Science at the University of Toronto issued an appeal having for its object the employment of graduates in commerce and science. The appeal which has been endorsed by the Canadian Manufacturers Association runs:

We are still anxious that our latest graduates should not experience grave difficulty in finding their first position in Canada and that they should have no reason to feel at any disadvantage as a result of having spent four years in obtaining an education which almost every business man would wish to be available for his own sons and daughters. We believe that the future of Canada requires that in each year University graduates should be recruited into business so that a constant training or replacements may take place.

It will be seen that the University is anxious to meet the needs of the business people and for as business people naturally to absorb the young men trained by it. Such mutuality deserves not only to be approved but also well compensated. As in India, where the need for higher talent

in business is great both from the business and the national points of view it is upto Indian political leaders of all types to take interest in this important matter.

MANCHOUKHO

So much has been spoken and written about Manchoukuo that it is advantageous to have an authoritative if somewhat partial view of its position. In his new volume *A Case for Manchoukuo* (Messrs Appleton) George Branson Rea speaks frankly as Counselor to the Ministry of Foreign Affairs of the Government of Manchoukuo. He has long resided in Asia formerly as adviser to the Chinese Government. Few men could speak with more authority concerning a question of immediate and direct interest to all countries in the Western World. Mr Rea voices the most powerful presentation to date of the claims of Manchoukuo to the recognition denied it by every great nation except Japan. His book will be found to present fully and arresting views on the Japanese side of the threatening situation that is rapidly developing in the Far East. He brings to bear on his thesis data and arguments derived from history, international law, the condition of China, the values of European powers, and the economic situation of Japan. The book is a complete survey of the international situation with respect to Asiatic affairs and challenges a reader to serious consideration of these elements.

IMPETUS TO TOURIST TRAVEL

It is a surprise to us in this country that Canadian commercial and industrial leaders should neglect in the manner they do the tourist. Out here almost every European visitor to the United States of America is urged to encourage tourist traffic. In Canada manufacturers are naturally interested in the stimulation of the tourist business by reason of the purchases which are almost invariably made by visitors from their countries. The fact that even in such a year as 1934 when travel was comparatively light the estimated expenditure by tourists in Canada was approximately \$150,000,000 gives some idea of the magnitude of the business. As the *Industrial Canada* puts it all industry benefits from increased tourist business. Those industries engaged in making commodities required by the tourist such as supplies of all sorts of conveniences etc. feel the benefit directly. Other industries derive an indirect benefit by reason of the general

stimulus to trade. It is suggested that wherever agencies are at work cultivating tourist travel manufacturers should give their hearty co-operation and, if necessary financial support.

There is quite a field we believe for the manufacture of products of a distinctly Indian character for sale to tourists. The visitor from another country, in buying souvenirs and gifts would like to get something more or less exclusive something different from what he gets at home. The development of such products is something that will bring profit to anyone with the ingenuity to devise them. As tourist business expands with the return of better times, attention to this suggestion should bring returns.

NO SHORT CUT TO PROSPERITY

Mr James H Webb the President of the Canadian Manufacturers Association the other day urged Canada to follow the example of Great Britain if it wanted prosperity back. His recommendation is worth retailing. Warning it off the New Deal of the United States he said *Keep your head cool and your feet on the ground* i.e. do not be carried away by the suggestions of these men—those recommending the American Plan—who are endeavouring to become the new leaders into the Promised Land. His analysis of the Roosevelt attempt was direct and simple. He said—

With regard to the method adopted by United States to bring back recovery this also may be stated in broad lines as a method to bring back recovery by spending the taxpayer's money. I quite agree that this is by far the most spectacular method. It

catches the eye and the imagination of the people and it would appear on the surface as a method that would not hurt so much. The people are expected to be lulled to sleep as it were and it is hoped that when they awake, everything will be running serenely again the depression will be over and everybody will be happy. The results obtained so far in this experiment have not been as satisfactory as some people had hoped and it is now felt by many observers that the experiments will have to be abandoned and other methods adopted. I am quite safe in saying that so far the effort that has been made has been both disappointing and discouraging, and in addition to this it is well to remember that the full effects of this plan have not been realized by the people of the United States. While taxation has risen from 9½ billion dollars in 1924 to 15½ billion in 1934 an increase in taxation of 6 billion dollars the Government of the United States has not as yet levied taxation sufficient to pay for the full extravagance of the system. Many people do not realize this fact and for this reason some people in Canada are of the opinion that we should adopt many of the experiments which I am sorry to say have proved a failure so far. A Canadian like Mr Webb must know for he is next door to the United States and the onlooker sees more of the game.

PRODUCED IN INDIA

Are your goods marked 'Produced in India'? In view of the pronounced preference now given by buyers to domestic products it is desirable that they should be

It is understood the Bihar Government have sanctioned the appointment of a number of Inspectors in the Co-operative Department each of whom will be in charge of about 3 to 4 hundred societies and will be working under the control of the Assistant Registrars the latter probably delegating some of their powers also to them. This scheme is said to be on lines similar to those in Bengal and UP and other provinces. It was found by experience that the defects pointed out and the suggestions made by the Assistant Registrars in their notes of inspection of the societies remained unattended or unremedied to by the societies concerned and the Assistant Regis-

trars for want of time and due pressure of work found it difficult to pursue these matters and see to it that their suggestions were properly carried out. These new Inspectors to be appointed will be expected to be constantly in touch with the societies under them and will be responsible among other things for seeing to it that the societies concerned properly acted up to the suggestions made by the Assistant Registrars. The scheme has not yet been published but it is expected to be in operation ere long. It is not yet definitely known as to how many of these Inspectors will be appointed in the first instance but their number may not be less than 25 or 30.

Educational Notes.

By B Venkatesa Sastry, B A , B T

Reorientation of Educational Policy

The demand for a better policy and greater facilities for education is increasingly put forward in almost all the Provinces and States of India and a good many local Governments have been honestly trying to meet the demand. Education like the political and social institutions is an institution that must evolve gradually. It cannot be shaped to whatever form that is required in a brief space of time. A number of factors social and psychological will have to be taken into account before effecting improvements in and giving a new shape to the existing state of affairs. However bearing in mind that education is the basis of all real progress of whatever kind it may be it behoves all those that have a hand either in the administration of the state or in contributing to the shaping of policies of education to increasingly devote themselves both in thought and deed to evolve better and better systems of education calculated to produce better types of citizens in our country.

Speaking on the occasion of the Dacca University Convocation His Excellency Sir John Anderson the Governor of Bengal gave a forceful memorandum of the Government of Bengal reviewing the position of education in Bengal and outlining the new policy. He said that the underlying idea of the reorientation of policy which was suggested in the note was to bring a really effective Primary Education within the grasp of the masses and intensify the middle vernacular education while reorganizing its curriculum so as to give it a definitely rural and agricultural bias and encouraging boys to stay in the villages. Then His Excellency went on to say that the keynote of the arch of rural regeneration was the provision by the Universities of highly intelligent educated men and women country minded instead of town minded.

It will no doubt be seen that a more intense and a much more broad based primary education and an intensified and ruralised middle vernacular education are the real needs of the hour and as such a policy calculated to promote these ends is sure to

be welcomed by the critically minded public. But as it was pointed out by His Excellency the success of the work of Rural Regeneration depends largely upon the supply of young men and women trained under the best University traditions for taking the place of leaders of rural regeneration workers. It is therefore up to the Universities in India to make sufficient provision for the training of Rural Uplift Workers creating in them a taste for rural life and make them country minded so as to enable them to take up as their life's mission the work in the village which is so urgently needed in our country to-day.

INDIAN STUDENTS ABROAD

A good many students from India are going out every year to foreign countries mostly to America and Europe for higher studies. It is an observed fact that the number of such students is increasing year after year. It is needless to say that foreign travel and study in the well known seats of learning in the West make a young man or woman have the education received here supplemented and incidentally acquire by study and observation that special knowledge of the country visited which may be applied with advantage to the conditions in our own country on return to India abroad. But sometimes young boys who have had not much of schooling here in this country are sent out by parents to foreign countries for study resulting as it does in developing in their minds an attitude which is entirely alien and foreign to our own country. Thus indeed is a bad state of affairs which must be guarded against and must be put an end to if possible. There is also the question of inadequate financial provision of some students who get stranded in foreign countries and experience a lot of difficulty and trouble which the High Commissioner for India in London has more than once referred in his Report.

These and many other questions were discussed by Rajkumar Mansingh of Banara in his address to the members of the Rotary Club at Bangalore. He made it clear that

he was not against Indian students going abroad for studies but that they should not be sent before they are at least twenty-one years of age. In short young boys without much experience should not be sent to foreign countries for long periods for studies. He suggested that the universities should send batches of students for short periods for studies in foreign countries.

It is the practice with many foreign universities in the West especially in America to send such batches of students for studies in the European universities. It would be well if universities in India too could set apart funds for this purpose. The Inter Universities Board could take up this important question for its consideration and devise means for getting funds for the purpose and evolve an agreed policy for sending out batches of students drawn from various universities for the purpose of acquiring knowledge at the other important seats of learning of the world.

A NATIONAL PHYSICAL STANDARD

It is learnt that a special committee of eminent men has been appointed in England to report on the necessity of cultivation of the physical development of the civil population and the methods to achieve that end. The committee has been studying the system of physical education in schools and universities and among persons of post school age how teachers are trained and the problems prevailing in foreign countries. Besides other items it is learnt that the committee is also considering the part that the medical profession can play in the promotion of physical efficiency as distinguished from the prevention and the treatment of the disease. They consider that in the universities there is a lamentable lack of interest in physical education and that without the universities taking enough interest in the problem there could be no progress in improving the conditions in the secondary and other post primary schools.

In our country too an important step in the improvement of the health of students is taken in Hyderabad recently. The Government have sanctioned a scheme of medical inspection of male and female students in the Government Schools of Hyderabad City and some districts.

The scheme besides providing for the medical examination of students twice a year

also provides for the inspection of school buildings by the medical inspectors with reference to ventilation, water supply and sanitation. It is doubtless a very important step taken by the authorities towards the improvement of the health of school children and thus towards the physical well being of the future citizen.

THE ALL INDIA PUBLIC SCHOOL

It is learnt that the plans for the starting of the All India Public School are now complete. His Excellency the Viceroy is expected to declare the institution open towards the end of October this year. The School which is located at Chand Bagh, Dehra Dun will be called the Doon School and will have Mr. A. C. Foot the experienced Public School Headmaster as its first Headmaster. The School is expected to start work on the 10th of September this year with seventy boys on its rolls between the ages of 12 and 14. The second term is to begin in February 1936. Six Assistant Masters two of them experienced in the Public Schools of England will be appointed. There will be two Initial Houses with one experienced Matron in each House. There will also be a hospital under the charge of a doctor experienced in England and India.

The construction and equipment of the two houses on modern lines is proceeding apace. The plans for the third house which will accommodate 60 boys are being drawn and when the building is completed it will also be a self-sufficing unit like the other two houses so far as the domestic life of the boys is concerned.

Provision has been made in the School for gradual expansion so as to accommodate 180 boys of ages ranging from 8 to 14. The medium of instruction will be English and it is expected that those seeking admission to the Doon School will be familiar with conversational English. The study of an Indian language is compulsory in the School. The course of studies will lead either to Cambridge Senior Certificate or to a High School Examination. Besides English and an Indian language the other subjects of study are History, Geography, Elementary Mathematics and General Science.

It is hoped that the School will be a welcome addition providing educational facilities to those already available in India.

Notes on Rural Life.

By "A Son of the Soil"

The Village Then and Now would be the title of a volume I would write if I had time. I have the inclination. I have the acts, and I have a knowledge of its utility. But I am pressed for time and so must needs be content with a mere note on the subject than the much to be desired for book. The village in the olden days in India was a self-sufficient unit. It was self-sufficient not only in production but also in regard to its governance. Local Committees worked the local administration and their responsibility was fixed in a manner that helped to cover the places on the Committees. The best local talent—mostly highly educated—were attracted to them and the result was rural administration was efficient to a degree. The King's writ ran in the village but while the King could regulate the administration and keep it on right lines he could not do away with the Committees or turn them into anything incompatible with their aims and objects. The Committees were elective bodies and they had to work for the periods they were elected. From every point of view the rural administration under them was both effective and successful. Is there any difficulty to day in restoring to the village its autonomy? It is the curse of over-centralization that has ruined the village. Centralization is good within limits but the *Pan Britannica* has with its good brought some evil as well. To give away power to the Local Governments without requiring these to hand back their powers in turn to the Districts and they in their turn to the villages would not be restoring to the village what it most essentially needs, the right to move as it likes to learn even by committing mistakes and thus evolve the talent for local rule by itself. That is what is required to day. Who will put his hand to the wheel to solve this great problem? Whoever does it will prove the saviour of rural life in India—indeed the real saviour of India itself.

GRADUATES AND RURAL LIFE

Turn the graduates into the rural area. The familiar cry of "two acres and a cow" would prove disastrous. Agriculture is not only the oldest but also the most difficult industry to practise. What is required is that the new graduate should be sent into

the village after a training given him on an Experimental Farm run for affording training in the case of those who are not agricultural graduates. Next another set should be trained for rural executive service. They would prove liaison officers between the village folk and departmental officers. Then again a few others should be trained for rural social service. A preliminary training cannot cost much—relatively speaking—where graduates yearning for service are concerned. They would help themselves, help their fellow citizens and help the building of the Nation. A Rural Service Conference for all India is what I would suggest for this purpose. Such a Conference would help to give an impetus to the whole Rural Movement in India and help it to go on right lines. It should be remembered whatever we may do for rural life it should not mean impeding industrial development in this country. A careful balance should be maintained between Agriculture and Industry if India is at all to prosper.

GETTING RURAL MINDED

MR. D. that I value writer in *Hartian* describes in his weekly letter of July 20 the troubles they have in the Wardha Ashram. That is natural where the Mahatma is, there is the feeling that every ill has its appropriate remedy there. It may be right or wrong. But the feeling there. It brings the judges and sweeteners together. That common feeling is the one deserving of attention. The feeling deserves to be analysed and when you have analysed it you will know that it is sympathy that is at the bottom of it all. That is the way to win the hearts of the poor and the lowly. Those who live in the rural tracts cry for it. And if you want to get rural minded travel not only 3rd class to know and feel with the poor and the needy but learn to know that sympathy—practical sympathy—is the key that will open the heart of the rural folk to you. If you have that commodity with you you are sure to succeed with villagers and through them to the means for their betterment. Getting rural minded is the great need of to day.

CHILD WELFARE WORK

I am interested to read in the same issue

the address was rolled. The roller which interested His Majesty was the latest achievement in the manufacture of plastics—an industry developed almost entirely during the 25 years of his reign. To all appearances the roller was a perfect cylinder of optical glass with a screw joint in the middle whereas in fact it was a machined synthetic product developed from the basic raw materials of coal, water and air.

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A sum of Rs. 12,00,000 of the total grant of one crore is allotted to Bihar and Orissa. This sum it is understood will be utilised for providing facilities of communication and water supply to the rural areas. A small portion of the sum will also be spent for the village welfare scheme among other miscellaneous projects.

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The Madras Government have sanctioned Rs. 52,000 to the Tinnevely District Board for village communication. This amount it is understood is sanctioned out of the 16 lakhs allotted to Madras from the Central Government's grant for rural uplift work. It is hoped that other districts also will be getting their quota for village reconstruction work.

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The Indian Legislative Assembly made a grant of one crore of rupees for village uplift work in India. The Bombay Presidency including Sind will get ₹ 4 lakhs out of this amount. The Bombay Government have formulated plans of rural work in the Presidency. Graduates of Agriculture are appointed for giving instructions to ryots to improve the strain of milch buffaloes in the Presidency. Experts will tour the villages and teach the villagers how to improve their herds. The next scheme relates to poultry breeding. A graduate will be entertained to impart personal instructions to the ryots regarding the subject. It is also proposed to distribute cocks of good laying strains to each of the ten villages selected for the purpose. At the end of each year these birds will be removed to other villages. The third scheme relates to the marketing of eggs. A special officer will select eggs, grade them properly and pack them in crag crates and arrange for sales. A part of the profit will be given to villagers and the rest will be utilised for developing the market scheme. The whole programme of uplift work will be carried

out under the supervision of Collector responsible to the commissioners of respective divisions.

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The Committee of the Muslim Chamber of Commerce Calcutta has recommended to the Commerce Department of the Government of India the necessity of concluding early a trade treaty with Turkey. The old treaty expired in February last. They feel that any more delay in this affair would be disastrous to Indian exports to Turkey. India could ill afford to lose her Turkish markets.

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The Minister of Health and the Secretary of State for Scotland have appointed an Advisory Committee with the following terms of reference—To inquire into the facts quantitative and qualitative in relation to the diet of the people and to report as to any changes therein which appear desirable in the light of modern advances in the knowledge of nutrition. A member of the above Committee, Sir John Orr, has publicly declared that there are 10,000,000 people in this country living on or below starvation level.

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While the consumption of soap in the United States, Great Britain and Japan estimated at 25 lbs., 20 lbs. and 21 lbs. per head of the population respectively it is barely $\frac{1}{4}$ lbs. per head in India. This clearly indicates that there is a very vast scope for expansion of the Indian soap industry.

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A very important discovery is reported to have been made by a responsible officer in the Fire Brigade of the Hyderabad State. This is a new form of chemical fire extinguisher which is claimed to be superior and cheaper than any other of its kind. He also demonstrated the high potency of this preparation in extinguishing fires. The results were very successful. He explained that this new preparation was a mixture of Aluminium and Saponin material which would give a foam like vapour.

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The Finance Committee of the Madras Legislative Council has approved of a scheme for the conversion of the first reach of the Gudivada channel in the Karna Eastern Delta into a navigable canal with a view to providing facilities for transport.

The budget for 1935-36 of the Travancore Government contains a provision of three lakhs of rupees as an initial outlay on the establishment of a Clay Refining and Porcelain Factory.

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The Industrial Finance Expert Committee appointed by the U.P. Government with a view to improve the credit facilities of the industries of the province has emphasised the necessity of establishing an Industrial Bank, a Stock Exchange Bank and a Marketing Company. The Committee has also pointed out that the Government will not be made to commit itself to any extra provision in the budget on account of this scheme. By the establishment of the Industrial Bank it is proposed to afford long and short term credit facilities to the major and minor industries of the province. The initial capital of the Bank is proposed to be Rs. 25,00,000 divided into 1,00,000 shares of Rs. 25 each. The purpose of opening a Marketing Company is to encourage the sale of the finished products of these industries. The Stock Exchange is recommended to provide facilities for popularising the sale of the shares of industrial concerns with a view to encourage the people to invest money in the shares of reliable companies.

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Bombay will shortly commence importing on a large scale petrol, kerosene and other refined oils from America and Europe and for that purpose a big Company with large capital is being floated. In the beginning, this Company will do business in the Bombay Presidency and Northern and Southern India and for that purpose will erect installations of tanks to hold 30 to 40 lacs gallons of different oils.

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The Travancore Labour Association which recently waited in deputation on the Dewan has urged the necessity for a system of standardised wages by legislation to relieve the labourers from unhealthy competition. The deputation prayed for the regulation of working hours, the abolition of the system of letting works on contract and for the introduction of legislation generally on the lines of the recommendations of the Whitley Commission and in line with that obtaining in British India.

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The Railway Board estimates that there has been a huge drop in the railway earn-

ings during recent years. For the period from January 1 to June 10, 1935, there has been a decrease of Rs. 35,00,000 in the earnings as compared with the figure for the corresponding period in 1934. The deficit is believed to be mainly due to the heavy fall in the movement of food grains, pulses,

seeds, etc. and the restrictions on export of raw materials from India. The officials of the Railway Board are not cheerful while contemplating the future.

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Lord Amthill, whose death occurred on July 7 at the age of 66, was appointed Governor of Madras when only 31 and in 1904 acted as Viceroy during Lord Curzon's visit to England. A pre-war administrator, he was a strong and consistent opponent of the Montagu-Chelmsford reforms at the wider measure of autonomy sponsored by the present Government. He joined the Council of the Indian Empire Society and the Indian Defence League and on June 1 participated in the second reading debate and voted against the Bill. In the House of Lords on July 8, sincere tributes were paid by representatives of all parties to Lord Amthill's strong convictions, sterling character and profound straightforwardness. Lord Lamington recalled that when at Oxford he was termed the 'Aristotle of Crichton' the day and suggested that that was a good summing up of his character. Outside the political sphere Lord Zetland alluded to Lord Amthill's services as Pro-Chancellor and Master of the Freeasons of England.

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According to the latest returns of areas of Europe exclusive of Russia, under sugar beets, the U.K. comes third on the list. Those who have been pretending if any such folks still remain that we are still only waiting out the experiment to see if it pays, which we now know it does not pretend to, must find some other excuse for continuing the industry in this country. Here are the five countries whose areas run into millions of hectares, not acres: one hectare is equal to 2.47 acres. —Germany, 370,000 hectares; France, 225,000 hectares; Czechoslovakia, 143,000 hectares; Poland, 110,000 hectares; and The U.K., 152,000 hectares. The area in Russia has been put by Mikusch as being 1,200,000 hectares against 1,560,000 for the rest of Europe. But in proportion to this vast area, the output

of actual sugar, so far as one can judge, is very small. Shortage of transport alone checking progress to a serious extent

Was Plato for war? Mr Bertrand Russell has been startling the world with regard to that long beloved philosopher by the following reflections on a re-reading of his writings in the light of Fascism and the general warlike position in Europe—War mongers who find the Gospels discouraging may find matter more to their liking in Plato's *Republic*, which I have been re-reading in a search for the origins of Fascism. The style, and the air of moral and intellectual elevation, have blinded people to what is had in the substance of this book. After explaining that dramatists ought only to introduce virtuous characters, Plato comes to music. He condemns the mixed Lydian and Hyperdian modes as 'useless even to women that are to be

virtuously given', and the Ionian and the Lydian, which are called lax, 'he will be only that particular harmony which suitably represent the tones and accents of a brave man engaged in the feat of arms, or in any violent operation. If these views had prevailed, we should have no music but Rule Britannia, The British Grenadiers, and the like. Everything in the Republic is subordinated to military considerations. The young ought to be taught that the life after death is pleasant, not because Plato knows of any reason for supposing this true, but be afraid of death in battle. And to make soldiers content with low pay, we must tell them that they are perpetual possessors of a divine portion of the precious metals placed in their souls by the gods themselves, and therefore have no need of the earthly ore.' And thus we have the effrontery to object to Homer as a liar!

Topics in the Journals.

Future of Lac Industry.

All expectations for the future of lac depend on the *Financial News* upon improvements in the technique of cultivation and plantation, management, co-ordination of research, propaganda among cultivators who are ignorant and illiterate and finally upon better marketing facilities.

Research on the various alternative commercial utilisations of the product and the spread of such research results in the main consuming countries are necessary before production and technique are re-organised. It is gratifying to note that the Indian Lac Research Institute which came into existence in 1925 as a result of the Linsay Harlow enquiry in 1921, has done a good deal of satisfactory work in research and co-ordination of the same. The recent account of their activities shows that the Institute has been able to bring together foreign and Indian interests both commercial and research so as to enable them to exploit its fresh possibilities in trade. The Director of the Institute sounds an optimistic note when he observes: 'It is extremely likely that shellac research interests in America, the U.K. and India may be combined. Such a *Triple Entente* of research activity should be just what the lac industry needs to help it on and give it the information and confidence it requires. A very important outcome of the competition is the new fields of use for resins in general which have been developed by the energetic sales organisations. It is now being realised that many new uses for shellac may be found in these fields either alone or in combination with other resinous matter. The Indian Lac Research

Institute and its fellow research organisations are actively engaged in the investigating these openings together with the possibilities of improvement in cultivation pest control etc. which will lead to the production of a better grade of material.

It is the traders' turn to regulate and standardise production and export. The marketing of lac has not improved as much as research has done during the past decade. There should be a greater co-ordination and better understanding between producers, merchants and consumers. This can be achieved by the Federation of all lac organisations in different parts of the world. Such a co-operation to regulate marketing and to organise efficiently for collection and disposal of the primary product in centres of production are bound to yield bright results. If the trade develops along such a line with a concurrent development of research, shellac has undoubtedly got a brilliant future before it.

New Gold Field.

A vast alluvial gold field has been struck in the Moho district in the extreme northern tip of Manchoukuo at the foot of the Hsigan mountains. The gold holding area is said to extend 244 miles east to west and 170 miles north to south, being about the size of the entire Shikoku island, says the *Osaka Mainichi*.

Managing Director Seisuke Kadowaki of the North Manchuria Gold Mining Co., the holder of exclusive rights to the area, will leave Osaka on June 29 for the region in company with 120

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Recent Economic Publications

Review of World Trade 1934

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Race and Economics in South Africa.

By W G Ball ger The Hogarth Press 57
Tavistock Square Lond n WC Day to Day
Pamphlets No 21 Price 1s 6d

The Union of South Africa has become the hotbed of an acute inter racial conflict in the economic sphere. We in India have a direct interest in this story for a sore throat in the body politic of the British Empire. Two of the greatest Indians have tried to solve the problem—Mahatma Gandhi and the Rt Hon V S Srinivasa Sastri. It is unfortunate that neither has passed resistance of the one or the philosophical statesmanship of the other has gone to an appreciable way to an amicable and lasting settlement.

Mr Ballger's pamphlet is a simple, straight forward and sensible statement of the racial economic problems of South Africa. He has no doubt that the non-Europeans are induced to pass a useful part for the evolution of the tradition of co-operation. It would be simple to teach them to shun the industrialism that has made the rest of the world the past and to substitute for it the deals of the capitalist economic wealth and the selfishness of the South African from the racial and anti-political traditions of economic and political. One local should appeal to the local people of the country. It is needed as much by the to the South African people as the spectacle of a world torn by the economic forces of life and many of the people while millions of people are unemployed and starved because they have produced too much a world in which *racial repression* is the only (Italian) word. We fervently hope that the efforts of Mr Ballger will have the desired effect and that the younger generation in South Africa will grow in an atmosphere of love and let it be. To that end laudable and highly human task as it certainly is the labour of men like Mr Ballger are praiseworthy. To the Indian Mr Ballger's ideas and deals do not come as anything striking or new for the noble of living as the late Rt Hon Sir S. A. Sastry has said of the immense resource of his mind and heart and to give to the world the happy conclusion he has ever blended in himself all his tasks at peace and rest. To the supreme truths of the dignity of man and the duty of life.

Labour and Housing in Bangalore City

By R K Srinivasan and C Narasimha Moorthy M A University of Mysore Economic Studies—I Published by the Department of Economics Mysore University. Copies can be had of the Registrar of the University of Mysore. To planning is yet in a printed stage. India's Boletine of the economic study and the practical achievement are precious little. It is deplorable that it should be so for nothing can be done to a cultural life than a decent sanitarious and commodious dwelling. It is the Western Countries that studied as a science and practiced as

an art. In England especially town planning is claimed as its votary a most remarkable man. Professor Patrick Geddes. A quotation from his new book, says of the art of town planning that it is a veritable orchestra of all the arts and correspondingly needing the finest preliminary surveys of all the social science. With such a high purpose of city development Western experts work.

In India the problem of town planning has both a social and an economic aspect. While with most wealthy cities of the West it is more of a social rather than an economic need. It is highly commendable that this survey of labour and housing in the City of Bangalore has been undertaken by two research scholars of the Mysore University. And they have done their task with a scrupulous care and a thoroughness of detail which makes this book really useful. It is of course possible to underrate the value of such studies. Such real to the object of books have a way of arresting the attention of the Government the social legislator and the public pressing on them with a force which can do otherwise be had the necessity for reconstruction. Therefore it is that we cannot small book of the young statistician.

Professors V L D'Souza has written an useful *For a word to this book.*

National Recovery Measures in the United States.

Published for the International Labour Office by Messrs P S King & Son Ltd Orchard House, 14 Great Smith Street Westminster London SW 1 Price 3s 6d or 1s

This is a reprint of the various Acts and Codes that have been in operation in the United States since Franklin D. Roosevelt assumed the office of the Presidency of that Republic. When people are clamouring for a complete overhaul of our economic and political systems as in the case of Russia or for Dictatorship of the type of those obtaining in Germany and Italy as the only panacea for the unexampled ills which the countries of the world are now experiencing the New Deal—the NRA—of President Roosevelt seeks to exemplify through its own country the possibility of a Liberal Democratic policy meeting and solving the problems of a crisis. From that point of view the American experiment is of national reconstruction assumes unparalleled significance for all liberty loving peoples. In order to get a clear and an unmistakable idea of the economic and political measures adopted and followed in that Sul Continent it is necessary to go through the original Acts and Codes themselves. The International Labour Office therefore has no more watery champagne of the economic interests of the world respect to creed or colour has rightly taken upon itself the duty of sunning them in a neat and cheap reprint. No student of public affairs in these days can afford to miss such an opportunity of learning first hand what is being done in America. There lies the value of this publication.



Books in Brief

Short Reviews of Recent Books

Should the Indian States Enter the Federation?

By B. S. Puttaswamy. The Wesley Press and Publishing House, Mysore.

Mr. Puttaswamy has no doubt as to what answer to give to this question; he poses himself in the book under review. It is commendable that Mr. Puttaswamy's patriotism decides on the side of the Federation. This well-printed and neatly-executed book traces the evolution of the Indian Federal Scheme and examines the Scheme, as embodied in the new Act to come. A chapter on Federal Finance is well done. The last chapter circulates with the answer to the question.

Mr. Puttaswamy notes against the purist academicians and idealists and says "The ultimate value of the Indian Federation is to be judged not so much by its structure and form as by its success or failure in making India happier, more self-reliant and progressive." He quotes a remarkable passage from Mr. Ma'om C. Rorty in his denunciation: "The most precious possession of a nation is the idealism of its people—and the greatest loss a nation can suffer is the waste of this idealism in vain plans and vain efforts based on false and erroneous premises. Our problem is not to plan the (political or) social millennium, but, with Emerson, to accept the Universe, and to do, from time to time, the reasonably good thing that can be done, rather than to struggle vainly for an impossible perfection." Wiser words have never been written or spoken; statesmanship cannot wish for a better guidance than that embodied in these sane and remarkable words. It will be our endeavour—it must be, rather—to test the coming Federation by this impecunious word ideal.

Mr. Puttaswamy, as we said, is in favour of an affirmative answer to his question. He bases his reasons on the cultural and social advantages of the new Federation. He pays just tribute to the patriotism and political acumen displayed by the Princes in their willingness to sacrifice their splendid isolation in order to make a united India possible. He pleads for co-operation from all people and all classes. He appeals to the executive to see that the extraordinary powers vested in them are exercised so as not to impose the best interests of India, he quotes "an eminent politician"—whom we know to be the Right Hon. V. S. Srinivasa Sastri—to say that they "were intended to illustrate in detail what cannot be done on principle".

All this is good and true and praiseworthy. But Mr. Puttaswamy is on considerable ground when he feels that with "the treatment and consideration at the hands of some eminent British Indians." We do not know whose names are at the back of Mr. Puttaswamy's mind. But while it is true that some British Indian politicians have been unduly harsh and severe on the Princes

many of the more eminent and more distinguished of them have been even overkind to the Princes. Mahatma Gandhi, Pandit Madan Mohan Malaviya and the Right Hon. Sir Tej Bahadur Sapru are definitely on the side of the Princes. But the attitude of these three great men has been even too good to be true. It must be partially admitted that the Indian Princes are a very more and more to look to the British Liberals and Conservatives for support. The recent debate in the House of Commons on the India Bill demonstrated to us how complete and even unyielding is the alliance between the Indian Princes and the British Liberals. In their joint or British support many of the members of the Princely Order have been callously indifferent to the extremes of their own subjects and the well-meant advice of eminent Indians. No one will accuse the Right Hon. Lord Simon of a revolutionary tendency or unparliamentary conduct. His demands of the Princes made in his speech at Nagpur, really are moderate and modest. We feel that the British Indians must be made to feel at home in the new structure of the new scheme and the scheme of time, to let the Princes stand not as a national position and thus gain the British place to a second or a third place in the Federal structure.

Krishnamurti

Teacher I Don't Fear. By Gurdaral Malhotra. The Young Builders Press, Karachi.

"To understand Krishnamurti is to struggle."—Mr. Jamshed Nusserwanji in the *Forward* has small pamphlet giving an account of the mystic G. Aurore. Though these pages may give the reader a very broad outline of the teachings and mission of Krishnamurti, it is scarcely to be hoped that they are logical and systematic. However, they can at least be understood without a tremendous study of his life and writings. Gurdaral Malhotra who is evidently fascinated by the direct path of Krishnamurti, will do well to give us a real treatise on that young prophet that will carry out the writer's wish much better than this booklet.

Teaching.

A Quarter Technical Journal for Teachers. Vol. VII No. 3 March 1935. Special Primary School Number. Price 9 as.

This Special Number of *Teaching* leads off with a able article from the pen of Sir George Anderson on the present state of primary education. Mr. J. M. Sen traces the origin and growth of primary education in India. We would like to see particular emphasis on an observation of Mr. Sen: "More emphasis in the number of schools and in real strength is not enough. The aim of the system should be to impose the quality of learning so that the curriculum may be reduced." (Italics ours.) Mr. Sen well concludes

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Manager, “CAREERS”, LAHORE

The Mysore Economic Journal

A Monthly Periodical devoted to the Discussion of all Economic Topics of Interest

Vol. XXI

SEPTEMBER 1935

No 9

The Gokhale Institute.

By The Editor

The Report on the working of the Gokhale Institute of Politics and Economics for 1934-35 shows the steady work done by Mr. D. R. Gadgil has a valuable monograph on commercial motor bus transportation from the particulars furnished to him to make a thoroughly practical study. We could suggest Legislative Assembly members asking it the basis for legislation on motor buses so that transportation may be made fully national and truly economic in its outlook. A survey of small-scale industries in Mysore is promised. A study of the profitability of farming seems to have made fair progress. An application for a grant from the Imperial Council of Agriculture and the Survey has, we note, been made. We hope it will meet with success having regard to the character of the work. It seems that the Council should help undertake such work by constructive research students to work under expert guidance under the auspices of a responsible Institute. A series of inquiries would appear condensed in the Poona Industrial Exhibition by Mr. A. G. G. with the aid of the entire staff.

The Report on this inquiry will be welcomed by all interested in the industrial exhibition.

A feature of interest connected with the Gokhale Institute is the recruitment of students for reporting in trust in the first examination. We note that last year 10 students were enrolled of whom 4 were Research students. This number will well be maintained or increased in the years to come. The Institute may take counsel as to the number of students who can afford to pursue a student life at the Institute and extend the number of students who can be catered for and possibly too—increased. The future of this country it is necessary to add, yet

the number of well trained well-versed and well-organized workers in the constructive field. Experts in almost every department of activity are daily required to meet the growing needs of the country and it to be hoped that this aspect of the work of the Institute will be borne in mind by its management and public be the public for appreciation and tangible help. The workers trained in this Institute ought to be the different institutions—academic, self-governing administrative and the bodies existing in the country so that their views and method of work may be given a whole lump.

From the statement of receipts and expenditure for the year ended 31st March 1935 included in the Report we note the income of Rs. 8443/- while the expenditure was Rs. 7072/- leaving a surplus of Rs. 1371/- which we note has been credited to the credit of the Trust Fund. The Trust Fund stands at Rs. 119031/79 and fully deserve further accretion. As an institution that deserves public support and sympathy from every quarter and that of the patriotic royalists in the country we would commend it to all the citizens.

The Institute is closely connected with the National Industrial Exhibition which is represented on the Board of Trustees of the Institute. The value of work of the Institute is chiefly by the Institute which is in the industrial age of growth can be in our opinion be over-estimated. As a significant view of things all verities are concerned mainly with constructive progress and objectives. They serve various degrees of control over or that is concerned with the production of material goods. Governments are

after all, human and have to be guided and even watched when they are evolving policies for the country. This can be done only by well guided public opinion, that is, a public opinion which is well instructed and well-informed in what is needed by the imperious needs of the country. Such public opinion can be formed only by the instruction of publicists and legislators and even the Press, which is ever bent on serving the good according to its lights. The need for Institutes of this kind will thus be apparent. In considering, for instance, the future of our national economy, it is necessary to examine with care and in full detail the expressed objectives of Government the progress made in moving toward them and

what appears to be needed in the light of our own experience. These experiences of our own should be capable of being reduced to its elementals, so that they may bear a definite comparison with those enumerated as the Government's objective. Thus, it would be possible to envisage a fundamental basis for comparison between Government's objectives, what has been achieved and what is exactly needed by us in the country's interests. If such comparisons are a necessity, and none can deny that they are needed if we are to progress, then the need for Institutes like the Gokhale Institute of Politics and Economics will be readily conceded.

An International Post-Bag.

The world wide range of the I.L.O.'s activities is strikingly reflected in the contents of its daily post bag. Not only does the Office correspond regularly with the Governments or the 62 countries which are now Members of the International Labour Organisation, but it receives and replies to communications from employers organisations, trade unions, industrial concerns institutions, and individuals in practically every corner of the civilised world.

This voluminous correspondence is carried on chiefly in English and French, the two official languages of the Office, but more than 20 other languages are more or less constantly employed.

French heads the list, followed by English, German, Spanish and Italian. The other languages in use include Swedish, Dutch, Norwegian, Danish, Portuguese, Polish, Russian, Czech, Bulgarian, Greek, Finnish, Serbian, Hungarian, Persian, Japanese, Esperanto Latin, Roumanian, and Turkish. The predominance of French, the language in use in Geneva, is partly due to the amount of local correspondence conducted in that language.

In the last complete year for which figures are available, the total number of letters and telegrams which passed through the Office was over 55,000, of which some 30,000 were received and more than 25,000 sent out. Notwithstanding a falling off in the correspondence with Germany, the previous year's total was slightly exceeded. The accession

of four new Members to the Organisation (Afghanistan, Ecuador, U.S.A. and U.S.S.R.) took place too late in the year to influence correspondence with those countries to any considerable extent. However, the figures for the first quarter of 1935 show a substantial increase over those for the corresponding quarter of 1934, as regards both incoming and outgoing letters.

The correspondence of the I.L.O. with distant countries is growing steadily. The volume of extra-European correspondence in general rose nearly 10 per cent in the course of last year. As regards correspondence with individual countries, the following increases are particularly noteworthy: South Africa, 14 per cent; India, 14 per cent; Australia, 16 per cent; Argentina, 17 per cent; China, 19 per cent; New Zealand 25 per cent.

The facilities for conveying urgent correspondence by air are increasingly utilised by the Office, particularly for correspondence with distant countries. During the last two years the number of letters sent by air mail has increased five fold.

Apart from letters and telegrams there is, of course, a constant inflow of books, periodicals, newspapers, printed and reographed documents relating to industrial and labour questions, whilst last year the Office sent out more than 290,000 printed papers, and nearly 1,500 parcels of publications.

Currency Stabilization and Business Recovery—II.

By Dr. T. E. Gregory.

There are two preliminary objections to be found in discussing the stabilization problem. First, it has been the declared policy of the British Government for a considerable time now that a prior rise of prices is the first condition which must be realized before it is willing to face a return to the gold standard. It will be remembered that the U.S.A. Government also announced in 1933 that the attainment of a higher price level was in its opinion, a more important matter than the external stabilization of the dollar and, though the dollar has since been provisionally stabilized, the efforts of the U.S.A. Government to force the price level up have not been relaxed. In truth the rate of rise of the American price level since Great Britain abandoned the gold standard on September 18th 1931 has been greater than the corresponding rate of rise in Great Britain. The well known table periodically issued by the *Economist* shows that comparing 18.9.31 with May 8th of the current year (*the Economist* 11.5.35 p. 1069) the rise of price of American primary products has been twice that of British primary products: the complete *Economist* index is still only some eleven per cent above the base figure. As compared with pre depression years however, prices in the U.S.A. are still some twenty per cent below what they were in 1926 and in Great Britain some 12 per cent below what they were in 1930. These figures suggest two remarks. First that if stabilization is to be postponed until some pre depression index figure is reached again it must be held up for a considerable time to come. Secondly the failure of prices to respond to the full extent of the fall in the gold value of both the English and the American currencies suggests that there are deep seated reasons therefor, and that it may be unscientific to expect pre depression prices to be reached again. It is easy to see that technological progress on the one hand and the influence of tariff restrictions and quotas on the other, should help to lower the prices of certain commodities: the first by lowering costs the second by restricting the market and forcing world supplies through narrower channels and it may well be that these factors should prove themselves more powerful than the opposing

factors of currency depreciation and artificial restrictions on output. The world level of prices may have permanently fallen to a new basic level and the price level of 1929 may be as irrelevant to the problems of to day as the price level of 1913 was to those of the depression of 1920-21. In other words to postpone stabilization because prices have not risen to the level of 1926 or 1928 may be to postpone it for ever. On the other hand it is not difficult to adduce reasons for supposing that even if a rise of prices is desirable for its own sake stabilization is not an obstacle to such a rise. On the contrary it may be the condition for such a rise to take place. First a stabilization agreement would represent a powerful psychological factor directly making for a more optimistic outlook. Secondly the knowledge that the currency outlook was now clearer than it has been for many years and that traders need not fear new restrictions direct or indirect arising out of the repercussions of currency policy would assist international trade. Thirdly since unstable currencies are a direct cause of tariffs and these are in turn a potent factor of disorganizing the world market stabilization should help to bring about an era of tranquillity in this direction also and with it a renewed impetus to trade. A further and most important consideration the influence upon the basis of credit requires to be dealt with separately in another connection.

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A much more serious preliminary objection is the second one. In order that stabilization may have a fair chance of success it is necessary that rates of exchange should express as accurately as possible the relative position of internal prices in all the countries taking part in the stabilization experiment. But as things actually are exchange rates and internal prices are not in line with one another in any of the three great States whose assent to a stabilization agreement is a *sine qua non* of its ever coming into existence. Looked at from the standpoint of Great Britain for instance the pound sterling should be less valuable than it is in terms of dollars, the franc less

valuable than it is in terms of pounds or, what is the same thing the dollar should be able to buy more pound and *a fortiori* therefore still more francs than it at present buys. Again therefore the franc should buy fewer pounds and still fewer dollars proportionately than it did before. Until these currencies stand in the exchange market at prices which represent more accurately, than the prices at present ruling there, the true equilibrium levels of these currencies it would be dangerous to attempt to stabilize at all.

Thus line of argument appears to me to confuse two entirely different points. It is one thing to argue that stabilization ought not to be attempted without the various countries adopting appropriate rates of exchange it is another to suppose that these equilibrium rates will necessarily establish themselves within an appreciable period of time by leaving the forces of the market to work themselves out. If by this is meant that the present conditions are to be allowed to persist for it is of course the present conditions which are responsible for the failure of true equilibrium rates to establish themselves. Enlargement on the free movement of capital the operations of exchange equalization funds the machinery of exchange controls (not to speak of the indirect effects of tariffs and of quotas are factors which prevent equilibrium rates from being realized—though it is still open to question whether in fact in order that such true rates should be attained internal and external prices must be equilibrated through the exchanges. However that may be and granted the general necessity of such equilibration it is important to establish the fact that the continuance of the present regime will not guarantee it.

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Once this point is made clear it becomes obvious that the problem touched upon is identical with the following problem. If stabilization is to succeed how shall the parities be arrived at? The attainment of appropriate parities is not a precondition of stabilization it is part of the stabilization process itself. The latter should not be regarded as a single and definitive act of State but as a programme of concerted action the very first step in which must consist in an international discussion of this very point.

In a previous memorandum it was urged (i) that a transition from the present

position to a régime of *de jure* stabilization was an impossibility, (ii) that the problem of definitive parities could be arrived at only by experiment, (iii) that the important technical point involved was the procedure by which an approach to this definitive level could be reached. It was then suggested that the various countries should agree that they would not indulge in a significant alteration of their rates of exchange without the consent of the others. By "significant" it may provisionally be suggested is meant an alteration within any period of let us say six months of more than five per cent. These suggestions require supplementing.

(a) In the first place, there must be an agreement on the part of the monetary powers that these basic ideas are accepted by them.

(b) In the second place, there must be a technical agency to which appeal can be made. The obvious agency would seem to be either the Bank for International Settlements or an International Committee of Experts consisting of representatives of Central Banks, Treasuries, and the Bank for International Settlements. Any Government desiring to alter its rate of exchange would place its case before this Committee. This Committee would thereupon draft a report to be submitted to the various Governments involved. It would be no part of the duty of such a Committee to trespass beyond the confines of the technical issues involved; nothing is to be gained by a confusion between the advisory function of an expert body and the political responsibilities of a Government agency. It may be objected that no Government is really willing to restrict its sovereignty; in that case, stabilization is impossible. The prior assumption of the whole of this procedure is that some agreement shall have already been reached on this major point without such agreement any step in advance is in any case impossible.

(c) From the scientific point of view it would assist if Governments and public opinion could be induced to think of the problem of stabilization as consisting in essence in the establishment of a new relationship between the local unit of account and gold that is the determination of new mint prices. It is quite true that, if one starts from relative rates of exchange, one can arrive at new mint prices just as the new mint prices involve certain relative rates

abroad, should contribute to the further decline in the Fund

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It is argued, secondly, that, though the danger of gold supplies proving insufficient—a vision which haunted the world in the pre-depression era—may temporarily come to an end in consequence of the increased output of gold on the one hand and the knowledge that effective stabilization would involve a drastic writing up of existing stocks on the other yet the maldistribution of gold has not been corrected by anything that has happened since the onset of the depression and is in fact as serious a problem to-day and would constitute as serious a problem as formerly on the morrow of definite stabilization. Two countries still between them control nearly half of the visible supplies of gold and there is no reason to suppose that they are willing or likely to pursue policies which would result in a satisfactory redistribution of such stocks. Great Britain holds less than one fourteenth of the total and Germany and Central Europe practically none at all. It seems highly doubtful, therefore, whether the world's stocks of monetary gold as now distributed can be regarded as adequate on any realistic test for the restoration of an international gold standard system. So it is argued in an extremely interesting article in the *Monthly Review* of the Midland Bank April-May. The argument is sufficiently important to warrant attention.

It may be observed to begin with that a distribution by weight is not the same as a distribution by value, if the countries with relatively small gold stocks were to write up their gold by a higher percentage than countries with large gold stocks, the prevailing maldistribution of gold—or better the percentage distribution of gold—would at once be affected. Secondly while there is perhaps no reason to suppose that existing stocks can be redistributed, there is no reason why the future distribution cannot be greatly affected by the manner in which new supplies are divided amongst the various nations, that is an issue which depends largely upon the credit policy which will be adopted by different countries after *de jure* stabilization. Thirdly is there not a danger that computations of the kind referred to neglect the important fact that even before the war, in relation to the international obligations of

different centres, gold was very unequally distributed *

It is not so much the absolute size of the gold stocks in different countries which is the important matter as the creation of conditions which will enable each country to equilibrate its balance of payments by means of the export (or import) of goods and services. So long as France and the U.S.A. are the two great nations remaining upon the gold standard, inevitably such portions of the accruing supplies of gold as are not hoarded or used in the industrial arts will gravitate towards them where else indeed could the gold go? But from the standpoint of the stabilization problem, it is the conditions which will enable a long period equilibrium of the balance of payments to take place without the recurrence of large gold movements which are the important matter.

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This brings one to a complex of problems a full treatment of which would transcend the limits of this memorandum. It is easy enough to be pessimistic about the world outlook. Depression has bred a series of measures of which the abandonment of the gold standard is only one. How can one expect that the mere restoration of stable exchanges will restore satisfactory conditions? In fact, how can one expect the restoration of stable exchanges to function at all unless other reforms also take place. Will not the result of trying to restore stable exchanges without an antecedent or simultaneous assault upon these other evils simply lead to the final discredit of gold itself?

* Appendix II to Annex VIII of Interim Report of the Gold Delegation of the Financial Committee of the League of Nations. Geneva 1930 p 115

WORLD STOCKS OF GOLD IN 1913			
<i>Total World Stocks \$ 8 773 millions</i>			
Great Britain	770	France	1,700
U.S.A.	1924	Russia	1041
Great Britain	8 7%	France	19 4%
U.S.A.	21 9%	Russia	11 8%
France + U.S.A.	41 3%	France + U.S.A. + Russia	53 1%
<i>Total Gold Reserves \$ 4 945 millions</i>			
Great Britain	170	France	619
U.S.A.	1,290	Russia	787
Great Britain	3 4%	France	13 5%
U.S.A.	26 0%	Russia	16 0%
France + U.S.A.	39 5%	France + U.S.A. + Russia	55 5%

One is conscious that one is dealing here with matters about which no one can pretend to certainty. Granted that the problem is complex, and taking full account of the circumstance that everywhere vested interests have been created as the result of the conditions now prevailing, there still remain, nevertheless, three things to be said upon the other side.

1. Economic interests are still divided. It is by no means true that everywhere powerful economic interests only stand to gain by the continuance of currency uncertainty by exchange restrictions, or by high tariff and quota legislation. 'Recovery' has affected the manufacturers for the domestic market but the shipping, importing and exporting interests of all countries are still suffering. There therefore remains an important body of opinion to which appeal can be made and ought to be made.

2. Reform must begin at some point. Admittedly, the reintroduction of stabilized exchanges is not a complete solution of the difficulties from which the world is suffering; admittedly also, stabilized exchanges cannot work satisfactorily without a cessation of the economic war at present engaging the nations of the world. But one must make a start and it is easier to start with currencies than it is to start with tariffs. It must be obvious to everyone that currency depreciation cannot go on for ever; a point must come when the burden of depreciation, instead of being thrust upon the weaker economic units, must begin to affect the internal cost of living and the conditions of life in the stronger units also. On the other hand, to start with 'tariff reform', is to court rebuff from the very beginning. What Government, what economic group will be content to accept a definitive stabilization of its import tariffs so long as exchanges are unstable and so long as an alteration in a rate of exchange is capable of reducing considerably the effective degree of protection afforded? Differences of opinion upon the degree of protection necessary may, of course, run very far apart in particular cases, but there will be agreement between high and low tariff advocates alike that without exchange stability certainty is

impossible. The only effect of continued uncertainty is to encourage the transition from the use of tariff duties to the use of quotas—the most dangerous, because the most arbitrary, of all the weapons in the arsenal of protectionism.

3. Public opinion, which is so often used as the final argument against doing anything whatever, is after all, capable of education and change. It is quite true that the depression has greatly strengthened nationalistic and at any rate from the economic point of view, irrational sentiment everywhere; it is equally true that the measures taken as a consequence of depression have contributed to its continuance, and therefore the measures taken have seemed to be justified by the events and the events have seemed to justify the measures. But any one who cares to survey the course of European and, indeed, world opinion in the last two decades should beware of exaggerating the permanence of public opinion. It is fashionable to interpret the legislation of the day in terms of fundamental economic change in terms of changes in technology which are supposed to have diminished the advantages of international trade, the international division of labour and the free flow of capital. But the rational answer to this line of argument surely is that the continuance of depression shows the lack of substance in the major premise which it lays down: if technological changes have profoundly diminished the dependence of all countries upon international trade and investment to the extent premised by the argument why, then, should unemployment and depression continue? The mass of men are interested in employment and the security of their employment; it is really impossible to bring home to them that, judged by obvious tests, the opposite policy to that recommended in this memorandum has failed to solve the problem and that general well-being can only be secured by a policy which takes account of the necessities, not of this nation or of that, but of all nations together. At any rate before the effort has been made it is surely premature to give a negative answer.

Benefits totalling £480 000 000 have been disbursed under the National Health Insurance scheme in Britain.

A man that studieth revenge keeps his own wound green which otherwise would heal and do well.

India in the World Depression.

By Dr. P. J. Thomas, D.Litt.,

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Although India has been badly hit by the trade depression, her not very considerable dependence on foreign trade and the diversified character of her agricultural production enabled her to weather the blizzard with much less inconvenience than those countries (like Java, Hawaii and Brazil) which depend entirely on one or two commodities produced for the world market. Only a small part (7 to 10 per cent) of India's total production is exported. Out of a total cropped area of 228 million acres 85 per cent is under food grains and so far as India (excluding Burma) is concerned, hardly any part of the produce of that area is sold abroad. The bulk of the jute and tea grown in India is exported but those two crops occupy only 1 per cent of the total cropped area. Jute is almost entirely confined to Bengal but even there it is only grown on 6 per cent of the area; rice occupies 80 per cent of the area and hardly any Bengal rice is exported. The agricultural economy of India is broad based on a diversified system of cropping a wide mingling of many subsistence crops with a few money crops. In this respect, the newer and wealthier agricultural countries which specialise in the production of one or two commodities are more vulnerable. Although India has been linked to world economy for several decades she remains more self-sufficient than any country, except perhaps China.

CULTIVATOR'S INCOMES HALVED

Nevertheless, the slump hit the Indian agriculturist hard, as his income was rapidly cut down by one half without any corresponding decline in the price of goods he buys nor in the fixed payments he has to make to the money lender, landlord or Government. The purchasing power of the country thus broke down. The value of the principal crops of India which came to Rs 1,018 crores in 1929, fell by 52½ per cent to Rs 534 crores in 1933. Foreign trade also fell; export trade declined from Rs 327 crores (average of 1925-29) to Rs 135 crores in 1932-33 and the import trade from Rs 240 crores to 132 crores. The balance of trade in merchandise, which

came to Rs 60 crores in 1930-31, fell to Rs 3 crores in 1932-33 (One crore equals £750,000).

HEAVY NEW TAXATION

All this had its effect on Government finances. The revenue from Customs and Income tax showed a rapid decline, and the commercial departments became a burden rather than a support. The year 1930-31 closed with a deficit of Rs 11½ crores, and a deficit of Rs 19½ crores was expected for 1931-32. The 3½ sterling loan usually a good index, fell to £43½ in September 1931. Government acted promptly, and by the emergency Budget of September 29, 1931, a large measure of retrenchment was carried out, a 10 per cent cut in the pay of all Government servants (receiving Rs 40 or more) was made, and a surcharge of 25 per cent was put on import duties, income tax and excises. In this way the deficit was reduced to Rs 11¼ crore *only*, after providing nearly Rs 7 crores for the reduction and avoidance of debt. This strict financial policy has been continued by Government with firm determination with the result that recent Budgets have closed with comfortable surpluses, the credit of Government has been re-established, interest rates have fallen and the 3½ per cent sterling paper stands at about £97 to the pound. However, it is well to recognize that Government was considerably helped in this achievement by the steady outflow of gold. Gold valued at Rs 225 crores has already been exported from India, rather, it was converted into mobile purchasing power. Part of it was the reserve of the Indian peasant and that much maligned hoarding habit of his has proved a timely help to the country.

CURTAILMENT OF PUBLIC WORKS

The balancing of the Government's Budget resulted in some unbalancing of the budget of private individuals. Retrenchment was carried out so ruthlessly in some directions that it aggravated the unemployment situation. Before 1929, Government's outlay on railway works and provincial civil works came to about Rs 48 crores for some years but after 1930, it was so drastically cut down

that only Rs 12 crores was spent on those two items in 1932-33. At the same time many plantations closed down and labourers were repatriated from Ceylon and Malaya. The result was a fall in consumption. The consumption of cotton piece-goods remained fairly stationary, but the quality declined, as is indicated by the fact that while in 1914 50 out of every 100 yards of cotton piece-goods consumed in India came from Lancashire, only 7.6 yards came from that quarter in 1933-34. A greater decline is marked in the consumption of white sugar, salt and kerosene.

TRADE AGREEMENTS

The Government of India has also carried out various timely measures for safeguarding Indian industry and trade, and for lightening the burden of the fixed charges which had been crushing the agriculturists. The Indo-British Trade Agreement and the Indo-Japanese Agreement were concluded, securing India's export trade with two of her biggest customers. Government also took powers under the Safeguarding of Industries Act (1933) to counteract the injurious effects of dumping from countries whose prices had fallen abnormally. With a view to strengthening India's position as an exporter, various measures were also taken by the Imperial Council of Agricultural Research and the marketing organization that has been recently set up promises to be of great use in our internal as well as external trade.

RAPID INDUSTRIAL PROGRESS

Thus India has successfully withstood the blizzard and is now on the threshold of a great economic development. Even during the depression, industry has made rapid progress. The production in Indian cotton mills increased 50 per cent between 1928-29 and 1933-34, and the production of sugar has increased sixfold in the last six years. Similar improvement has taken place also in iron and steel, cement and several small industries. This happened during a period when in the premier industrial countries of the West production has been considerably curtailed owing to the failure of external markets.

Two principal aims must be held before India in her programme of reconstruction. *First*, the safeguarding of her foreign trade and, *secondly*, increasing the standard of living at home. Although only a small part of India's production enters into her external trade, that part is essential for her financial

stability, and in view of the surging waves of economic nationalism all over the world, and the increasing competition from better-equipped agricultural countries it is important that every effort should be made to retain her external markets. In this light, the Ottawa Agreement and the Indo-Japanese Agreement have been in the right direction, and it is necessary to enter into similar agreements with others of our customers. In the interests of both internal and external trade, it is also necessary to improve our methods of production and marketing, so that our goods may become more acceptable abroad and our position in the world market may become more secure.

A rise in India's standard of living should be the central objective of our economic policy. It is the solvent, not only of our economic ills but also of our social and political ills, perhaps it will, in addition, solve in great part the economic problems of Western industry, for, with a rise in the Indian standard of living there will not only be greater prospects for Indian industrial and agricultural production but there will also arise a wider scope for the conception in India of the products of Western industry. Let us remember that the persistently low standard of living of the Indian masses is to-day the greatest obstacle to the increasing consumption in India of more of Lancashire's better-grade cotton goods.

INDUSTRIAL DEVELOPMENT & EMPLOYMENT

It is often thought that a rapid industrialization will remedy the economic ills of India, but one cannot see how it could seeing that hardly a million additional labourers can be employed in Indian industries even if most of the goods to-day imported are manufactured at home. The central problem of India is to increase the income of her masses, who are mostly agriculturists. For this purpose agriculture must be made more profitable, and suitable subsidiary industries must be provided in every locality, so that the agriculturist may be enabled to supplement his income by using his capital advantage the abundant free time which he is now idling away. In this light, the generous grant for rural development announced last March by the Finance Member is one of the wisest measures taken by the Government of India for many years.

Circumstances are now favourable for a forward move. India's credit stands high

(Continued on page 471)

Indian Gold Exports—II.

By P. S. Narayana Prasad, M.A., *Andhra University*

The Government finally is charged that it is allowing these exports of gold in order to give strength to the pound. It is argued that, while nations like America are putting an embargo on the export of gold, if the Indian Finance Member could calmly allow the exports to take their own way is clear proof of his intention to strengthen the pound. But the fact that the exports were allowed need not by itself prove that the intention was to strengthen the pound. But this fact, taken in conjunction with the excessive love for sterling betrayed by the Reserve Bank Committee *plus* the Finance Minister's advocacy for the purchase of sterling in preference to gold for strengthening our currency reserves smacks of that intention. They are the main arguments advocated for the exports of gold from India.

But the Government has been defended with almost equal tenacity. The one main argument advanced in their support is that part of the proceeds of gold have been invested. In proof of this the increase in the investment of Post Office Cash Certificates at 10 crores upto February 1933, and the increase of the Post Office Savings Bank Deposits by 435 crores are given. On this assumption, the Finance Member draws the conclusion that the sale of gold has been beneficial to India and he felt forced to regard it as a beneficial advance that the exceptionally high price of gold in rupees should have started a process of exchanging barren gold reserves for interest bearing Government securities as a form of investment. But it may not be difficult to see that there is a catch in the argument. He assumes that an increase in the Post Office Cash Certificates is necessarily the result of selling gold. But that fact remains to be proved. It is possible to hold that the increase in the investment of Post Office Cash Certificates and the increase in the Savings Bank Deposits may have been brought about by other reasons. For instance, the Government employees and others who were drawing fixed incomes, during the major part of the period of depression, enjoyed more real incomes. The retrenchment in the services came into operation long after the fall of prices had set

in and it was again restored in Feb 1933. "The public were confidently looking forward to some gesture from the Government indicating that they were as worthy of consideration as the State servants. But the Government thought differently. However our point in saying all this is to show that the larger real incomes, which have been left in the hands of this class is very great. Even when the cut was operative, a flat 10 per cent. cut at a time when the price of commodities have fallen anywhere between 20 to 60 per cent., hardly can be considered as a decent compensation. These proportionately excessive incomes may have been invested in the Post Office Cash Certificates and Savings Bank Deposits. Moreover, it is still more strengthened by the consideration that it is this class of people that greatly invest in securities of this nature. And there is another consideration which goes to show that these investments are not the result of gold sales. It is possible that due to bad industrial and commercial situation, investments may have been withdrawn from these fields to considerably safer grounds, like the Post Office Cash Certificates. As the report of the Coud Delegation observes, when the fall (in prices) is especially rapid and practically all classes of business are in financial difficulties, they (those whose incomes are fixed in money) hesitate to venture upon new investments. They keep their savings on short term account." ⁶ Still, when all is said, and it is conceded merely for the sake of argument that the increased investment may be due only to the sales of gold, it yet remains to be seen, if the people as a whole are benefited by these operations. It is quite sound to argue that, out of the proceeds of the sale, part of it went to the money lender and the remaining for the purchase of commodities of daily use. The money lender may have benefited or we may say even invested the proceeds, but it does not prove that those who actually sold the gold are in any way in a better condition than before. But ultimately, the story of re-investment itself yet remains to be proved.

It is pointed out that the gold exports

are something in the nature of an exchange equalisation fund so that it is not the export of gold alone that has to be considered but also the possibility of harm to our foreign trade but for the operation of this factor of stability. This argument is plausible thus far, but there are certain objections even to this. Sir Herbert Samuel in the budget debate in 1933 described an exchange equalisation fund as that which is to be used when required in purchase and afterwards restored by the sale of foreign currencies or it might be of gold with a view to levelling out the minor fluctuations of exchange and Mr Chamberlain in a subsequent speech of his acknowledged this to be a gold description of the fund. If so it is worth while examining the nature of the exports of gold and to how far it conforms to that description. If it is an exchange equalisation fund, it could better have been operated by the Government or a delegated authority as in the case of Britain. Instead of allowing gold to be exported on behalf of the private individuals then does the Government could have prohibited it and purchasing the gold for itself could have exported it for the purpose of maintaining a reasonable stability of exchange. This process would have involved either some profit or loss, but, in any case, it would only have been correct that profit or loss on the operations should have been taken up by the Central Government and not left to individual. The Finance Member pointed out that out of £80 million which represent the proceeds of the export (upto December 1932) Government acquired £70 millions.

It is estimated that the private individuals acquired by the sale of gold of the value 107.68 crores, sterling of the value £295 millions out of which the Government as currency authority, acquired for itself again sterling of the value of £70 million or 8% of the total proceeds of the gold exports. If that were the case it is all the more reason why the Government should have if it purchased the gold exported for converting it into sterling and it could have reserved it for the use of the gold which now goes into the hands of speculator. But the Government did not do so this course

perhaps if the Government had purchased the gold and exported it, the popular opinion could have been much more agitated than now.

But even if that were not done is there any other way of minimising the exports of gold? We have endeavoured in the previous article to show that the exports of gold could have been greatly minimised in the appreciation of currencies which is shown by their action in linking the rupee to sterling has been accepted in principle was carried a little further by lowering the rate of exchange. It would have stimulated the export trade of India and greatly reduced the need for the export of gold for the purchase of her imports. A rise in the internal price level by a few percentage points could have greatly benefited the agriculturist and both his need for the sale of gold as also of the necessity for this exchange equalisation fund could have been greatly mitigated. Even at the rate of 18% it is elicited by Dr B. N. Kaul that it may be stated as an alternative that the gold exports could have been greatly reduced by sufficient expansion of currency. But the Government did not do so that all the gold exports have not yet ceased. But however before passing to the question as to what could be the reason for the Government to tolerate the export we will examine briefly the suggestions offered for reducing it.

An embargo on the export of gold is the remaining remedy for the Government to all round. We have already ventilated the disadvantages of this proposal in a previous paragraph and that course in the circumstances would not have been economically sound. It may be recalled that America imposed an embargo on the export of gold. But the reason for that operative for exports in the case of America and India is different. In America the exports coming into operation mainly by the scrap of gold sales may also be for the purchase of commodities as well so that the remedy of such can't be the same. In this connection it is worth while to say that India is one of the only country that exported gold. In the Argentine when the devalued gold currency began to recede the price of gold heavy.

If exports took place even since Australia went on the selective gold standard early in 1930 gold began to be exported more heavily. When Japan lifted

¹ Speech in the House of Commons, 1 May 1933.

² Budget Speech, 1933.

the embargo on gold in January 1930 heavy gold exports took place and continued. The real question therefore is not whether gold exports in themselves are a curse but how far they are necessary in the interests of the country or whether they could have been avoided or reduced. Provided the country has a reasonable rate of exchange and upholding the exports of gold are necessary to maintain its stability it would be short sighted to restrict its export.

There is another proposal that the rupee should be left to find its own level and it is believed that this will end the exports of gold. But a token printed in silver cannot have any value except the value of its metallic content and whatever their merits it may possess it is the highest cut to bring the Government to bankruptcy and does not seem to be a really serious consideration.

If the main question as to whether it is not only tolerated but even welcomed the Government's laboured defence of the gold export phenomenon and the continuing policy by the present Finance Minister are very well known. He not only repeats them but the tenor of his belief is that even if gold is exported until the total gold exports have risen to 3 times as much as has already left the country, India will still have more gold than she had eleven years ago only shows that the gold exports will be tolerated until a long time to come. Here the Government seems to have committed the blunder of regarding the gold exports as an end in themselves. Mr Keynes sounded an exact note when he said that one must whenever one talks about these gold questions in any fundamental way try to get at the realities of the financial system of which gold is a symptom and not treat it in any sort of way as an end in itself or something than can be discussed without reference to the more fundamental elements of the situation.¹⁰ (Italics mine.) What the Government has done to alleviate the situation of which the exports are a sign is a question that gets a cold nil for its answer. The Government seem to have been thinking in grooves similar to those in which English and American opinion seems

to run. It is evident how the Indian gold had been the exposer of all eyes in the eyes of the young lions of the *Morning Post* to these economists like Sir John Maynard Keynes and Sir Basil Blackett. At a discussion of the Chatham House Study Group on the international functions of gold even as early as the 5th of December 1929 Mr W. M. Bailey expressed that the drain of gold for non-monetary purposes into India will become a more serious factor as time goes on and some thought ought to be given to the question whether this annual drain is inevitable.¹¹ (Italics mine.) Mr Hutchins in another paper read before the same group, remarked that efforts are being made and will be made to induce the inhabitants of India to make better use of the rupee.¹² (Italics mine.) Before the same Committee Sir J. Stamp read a paper in which the significant passage occurs. There is an immense stock of precious metals in India which has been buried out of sight, but I do not know what its extent is or what the possibilities are of bringing it back to use.¹³ (Italics mine.) Commenting on this paper, Sir Basil Blackett uttered the following words — Sir J. Stamp has instilled the gold brought into currency in the last century as the effect not of the new discovery of gold but of the transfer of it from the temples of South America to the exchange houses in Venice etc. If anything like that happened in India to day we should discover the need for a 110 per cent gold reserve.¹⁴ (Italics mine.)

Here are some of the musings of the British economists. Couple to this their ardently put forth defence of the exports of gold their contempt for a reserve that does not bring in any income in the shape of interest and the absence of any effort on the part of the authorities to alleviate a situation of which the exports are but a symptom and it is hard to drive out a suspicion that the gold exports are not viewed by the Government in their proper perspective.

However it is necessary that the gold exports which are only an index of an extremely unsatisfactory position must cease and we reiterate that a lower ratio must be

¹⁰ Presidential remarks of Mr Keynes at a meeting of the Gold Group of the Royal Institute of International Affairs 3rd December 1930

¹¹ *International Gold Problem* p. 14

¹² Do do (Oxford Univ. Press) p. 64

¹³ Do do do p. 3

¹⁴ Do do do p. 7

at once resorted to for giving a stimulus to the export trade, for raising the internal price level of commodities and for thus raising the purchasing power of the average Indian, which alone at bottom is the sole cause for the export of gold. For Sir George Schuster and his successor, perhaps, it would be "unpardonable rashness to plunge into the unknown depths of wild experiments." But at the same time it is also correct to think that trial and error are better than monotonous error without trial.

After all, in the present circumstances, is currency depreciation "a wild experiment"? Japan, which shrewdly depreciated her currency and placed it under control, has weathered the depression much better than most other countries. The dollar is crashed and the foolishness of the Americans, or shall we say "wild experimentation", yet remains to be seen. Mr Hawtrey, who, in the words of Prof Rist, is "a master of the theoretical analysis", in a paper read before the Royal Statistical Society, advocated depreciation of currency as a *sine qua non* of trade revival. He argued "To condemn any measure which aims at a revival of business on the ground that it will cause inflation is a palpable absurdity. The very purpose aimed at is an enlargement of

the consumers' income and outlay, and that is all that the so-called dangers of inflation amount to."

It is no use making plans for bringing about revival unless we are prepared to face the consequences. If the depreciation is to be prevented then any measures of revival, however promising, will be nullified.¹⁴ (Italics mine.) In the discussion which ensued, Mr Hartley Withers argued the case for inflation thus "Inflation, so far as I understand the word simply means a rise in prices, due to an increase in the volume of money. Since a rise in prices has been constantly advocated by the Macnollan Committee and most people, who have spoken on the subject since if inflation will produce the rise in prices, it is surely the very thing that we and the rest of the world need."¹⁵ It both theoretical opinion and practical measures have testified to the efficiency of this particular measure and if still doubts persist as to the wisdom of such a course, it is difficult to be convinced that it is merely due to conservatism.

¹⁴ Mr Hawtrey 'Public Expenditure and Trade Depression' *Journal of the Royal Statistical Society*, Part III, 1933

¹⁵ Mr H Withers in the discussion on Mr Hawtrey's paper *Journal of the Royal Statistical Society* Part III 1933, p 463

"After all, the great bulk of national production must find its outlet in the home market—in other words, must be bought by the people of the country, the great majority of whom are wage and salary earners. That is to say, the amount of money in internal circulation, the velocity of its circulation and its distribution among the various sections of the community remain the decisive factors in determining the volume of purchasing power available to absorb the product of industry. Furthermore, even in respect of international trade, to concentrate solely upon measures for promoting exports is a shortsighted policy. It is of little avail to be in a position to compete successfully upon the world market if the purchasing power of the various countries remains low and if these countries are surrounding themselves with impassable trade barriers. Looking at the world as a whole, what is fundamentally necessary is not merely to encourage exports but to promote the ability and willingness to accept imports. This again is largely a question of adequate purchasing power

Only if the ability to consume is keeping pace with the ability to produce in each of the several countries will there be a readiness to accept imports and to work towards the progressive removal of the barriers to trade"—Mr Harold Butler in *U. R. Report* submitted to the International Labour Conference

(Concluded from page 467)

among the nations and loans can be raised at low rates of interest. A Reserve Bank has already been established for the management of currency and credit and the new constitution may solve the political problem for the time being. India's place in the British Commonwealth of Nations is also a great source of strength. These are all great assets and if properly used will enable her not only to increase the economic welfare of her own teeming millions but also to help substantially in the world's painful struggle for recovery.*

* Summary of a lecture delivered at the London School of Economics

The Indian Sugar Industry—II.

By B C Burt, CIE, MBE, BSc, IAS,

Expert Adviser Imperial Council of Agricultural Research

In his paper read before the Society in 1928 Sir James Michenna stated the importance of the Central Government taking an active interest in sugar research in India and put forward the view that this matter should receive the early attention of the Imperial Council of Agricultural Research, the creation of which the Royal Commission on Agriculture had recommended. A brief reference may therefore be made to the steps which have been taken within the last five and a half years to promote the healthy development of the Indian sugar industry. On the establishment of the Imperial Council of Agricultural Research in 1929 the Government of India referred this question to it for urgent consideration. In an interim report of the Sugar Committee approved by the Research Council were set out the *prima facie* grounds for fiscal protection and it was requested that the matter be referred to the Indian Tariff Board. This was done, the Sugar Committee and staff of the Research Council prepared material for the Tariff Board and it is now a matter of history that fiscal protection was granted. Simultaneously the Committee considered the immediate needs as regards sugar research, technological training and technical assistance to the industry. In this task they derived great assistance from the report of the Sugar Committee of 1919-20. The Government of India has since provided various sums aggregating Rs. 20 lacs for sugar research for financing on a five year basis various research schemes put forward by the Committee and approved by the Research Council. A sugar technologist with high qualifications and successful factory experience was appointed early in 1930 in order that intending factory owners might be advised in the selection of sites and machinery and existing factory owners aided in technical matters. The report of the Indian Sugar Committee has clearly shown that the high efficiency of the Java industry was due in large measure to mutual chemical control and the interchange of detailed factory results and technological information. The Sugar Bureau was transferred to the charge of the sugar technologist and a beginning

made in the collation of the requisite technical and statistical data. A grant was also made to the Sugar Technology section of the Harcourt Butler Technological Institute, Cawnpore to provide a complete miniature modern sugar mill for instructional and experimental purposes whilst an annual grant was given towards the recurring expenditure of the section on the condition that a specified number of free students from other provinces would be admitted to the course on the nomination of the Research Council.

On the agricultural side a grant was made to the Imperial Sugarcane Breeding Station to enable a sub-station to be opened at Karnal in order to improve the facilities for selecting new seedlings suitable to Northern India conditions. Hitherto preliminary selections had to be made at Combaribe under quite different conditions—a double disadvantage, as the seedlings most suited to sub-tropical India might easily be neglected whilst the testing process was unduly prolonged. Grants were made which enabled cane testing and research stations to be opened throughout the main sugarcane belt of Northern India—viz at Jorhat in Assam, Dacca in Bengal at Musheru (near Muzaffarpur) and at Patna in Bihar, at Muzaffarnagar (in addition to extensions at Shahjahanpur) in the United Provinces and at Jullunder and Lyallpur in the Punjab. Similar experimental stations were added at Padegaon in the Bombay Deccan and at Clutter and at Anakapalle in Madras. A special grant for breeding work on thick canes was made to the Mysore Agricultural Department. This chain of experimental stages is a most important feature. At them new seedling canes are tested on a co-ordinated plan growth studies are made and cultural and manurial experiments are carried out. It has been found possible to transport both actual sugarcane seed and tiny seedlings from Combaribe to some of these sub-stations for study and selection under local conditions. A grant was made to the Pusa Research Institute for the study of the economic disease of cane and of other cane diseases. A scheme of work on the

insect pests of cane has recently been approved by the Governing Body of the Council. Nor has the improvement of indigenous methods been neglected. A special experiment station is being started near Moradabad for experimental work on the improvement of *gur* manufacture and small-scale sugar manufacture. Finally, the Government of India have recently announced their approval of the scheme formulated by the Sugar Committee for a central sugar industry research institute for technological research and instruction, at an estimated cost of one and a half lacs initial and two and a half lacs of rupees recurring. It is proposed to locate this institute at the Harcourt Butler Technological Institute by arrangement with the United Provinces Government, and the work of the present sugar section of that institute will be suitably expanded and developed. The programme of work proposed for the institute is sufficiently important for detailed mention. It includes —

(i) Research on Indian sugar factory problems and in sugar technology in general, including the utilisation of by-products, with special reference to Indian conditions

(ii) The provision of scientific assistance to factories

(iii) Extended tests under factory conditions of new varieties of cane

(iv) Collection and tabulation of scientific control returns from factories and technical reports

(v) Critical study of the working of Indian factories and a comparison of the results with the best Indian practice and results obtained in other countries

(vi) Advice to factories on difficulties and faults disclosed by their returns

(vii) Training of students in all branches of sugar technology

(viii) Demonstration of improved methods and equipment and refresher courses for men already engaged in the industry

Though the Government of India did not give legislative effect to the recommendation of the Tariff Board that a statutory allotment of ten lacs of rupees (£75,000) per annum should be made for sugar research, it gave a definite though guarded undertaking to the central legislature that reasonably adequate funds would be provided for this purpose. The allotments referred to above have been made in fulfilment of that promise. The framework has been

constructed of an adequate research organisation which should go far to ensure the healthy development of an efficient industry — provided, of course, that adequate financial provision is made in future as in the past.

A word may be said about the level of tariff protection enjoyed by the industry at present. The Tariff Board recommended a protective duty of Rs 7-4 per cwt with a deferred additional duty of eight annas in the event of imported sugar at Calcutta falling below a certain level. The summarised recommendations of the Board were placed before the Legislative Assembly in March, 1931, and the revenue duty was raised to Rs 7-4 per cwt. In November of the same year, when the emergency 25 per cent surcharge on all customs duties was imposed, the import duty on sugar became Rs 9-1 per cwt. In April, 1932, the Sugar Industry Protection Bill was passed, thus gave the industry fiscal protection for a period of 15 years, fixed the protective duty at Rs 7-4 per cwt, for a period of seven years, provided that the amount of the protection duty for the succeeding eight years should be fixed in 1938 after an inquiry, and gave power to Government to increase the import duty, to such an extent as might be necessary, in the event of sugar being imported into India at such a price as to render the duty of Rs 7-4 per cwt inadequate at the intended level. The surcharge still being in operation the actual import duty remained at Rs 9-1 per cwt.

As a result of this sequence of events, the sugar industry secured, even before the Sugar Industry Protection Act was passed, tariff protection which for the time being was substantially in excess of that recommended by the Tariff Board. Simultaneously there occurred a fall in cane and *gur* prices which was largely due to the general slump in the price of agricultural produce. At about the same time there was a substantial drop in world prices for heavy machinery. Moreover openings for profitable industrial investment in India were few. Thus combination of additional stimuli led to an unexpectedly rapid expansion of the sugar industry and to development for which the Tariff Board allowed at least seven years being concentrated into three. The All-India Sugar Conference which met in Simla in the summer of 1933 made public the fact that the advance was in danger of

being too rapid and that acute internal competition for the Indian sugar market was in sight. It also transpired that the sugarcane grower had not received his full share of the benefits of protection.

Two important legislative enactments took place early in 1934. These were the Sugar Excise Act, 1934, and the Sugarcane Act, 1934. The sugar excise duty was imposed for financial reasons in order to make good part of the revenue lost by the sudden and drastic reduction of sugar imports and their impending disappearance. The level of the duty was so fixed as to reduce the quantum of protection to that recommended by the Tariff Board by off setting the customs surcharge. Since the c.i.f. price of imported sugar had fallen to a level which had the surcharge not been in operation, would have justified the imposition of the deferred duty of eight annas per cwt. the excise duty was fixed at Rs. 1 per cwt. and not at Rs. 1.13.

The Bill raised considerable controversy, and the report of the Select Committee and subsequent debates in the Legislative Assembly showed that the question whether the imposition of the excise did in fact leave the industry with a proper measure of protection was very thoroughly argued. From the discussion the following conclusions emerged. The Tariff Board's recommendations were based on a calculated fair selling price which, in turn, depended on certain fundamental assumptions, the principal of which were the following—

(a) At the outset many factories would have to pay eight annas per maund of 82.3 lb. (i.e., Rs. 13 10 or 20s 5d per ton) for cane, this price falling to six annas at the end of the protective period.

(b) That a recovery of nine per cent of saleable sugar on the cane crushed could be assumed.

(c) That molasses could be sold at Rs. 1.8 per maund, corresponding to a reduction of 10.8 per maund of sugar in the cost of production.

(d) The average factory would crush 13,00,000 maunds of cane, or nearly 50,000 tons, per season.

(e) The capital cost of a factory of this capacity would be 13½ lacs of rupees.

When the position was reviewed in March, 1934, it was found that—

(a) Five annas to six annas would be a more representative price for cane and that in the season 1932-33 some very successful factories had paid only four annas per maund.

(b) The estimate that efficient factories would obtain a recovery of nine per cent sugar on cane was confirmed by experience.

(c) Except in favoured instances, molasses no longer fetched anything beyond a nominal value. The reason for this was that the ultra rapid multiplication of modern sugar factories had resulted in a sudden increase in molasses production of such magnitude as to disorganise the trade in that product.

(d) The average capacity of factories had turned out to be about 1,800,000 maunds of cane per season, or say 66,000 tons as against 1,300,000 maunds, the increase being due in part to machinery of larger capacity being installed, and in part to a longer working season being possible.

(e) The allowance to be made for depreciation has dropped from eight annas to less than six annas per maund of sugar, whilst a return of ten per cent on capital now meant just over 13 annas instead of one rupee two and a half annas per maund of sugar.

As a result of these changes, the fair selling price of sugar with cane at five annas per maund, calculated in the same manner as by the Tariff Board, now came to seven rupees per maund in round figures, exclusive of the excise duty, or to eight rupees if that duty, which is paid in the first instance by the factory, is included, a substantial reduction on the Tariff Board's original figure of Rs. 9.59 per maund. Making due allowance for the fact that the freight advantage has already disappeared, and that Indian factories are now selling their sugar at the ports, it was a fair conclusion that the imposition of the excise duty would adjust the protection which the industry enjoyed to the level recommended by the Tariff Board. This view the central legislature accepted.

Like a beautiful flower full of colour but without scent, the fine words of him who does not act accordingly are fruitless.

In distress a friend comes like a calm to the tempest tossed sailor.

The Activity of Economic Life.

By Professor Gustav Cassel.

Recent monetary theory has given a prominent place to a distinction between 'saving' and 'investment' and to a conception of investment as a mere part of total saving. It even seems to be quite a common view that this distinction marks an essential progress of the whole theory of social economy. This may on good grounds be questioned.

First of all such a distinction is apt to make the public believe that some saving would be left uninvested and be doomed to lead a mysterious existence out in the blue, rather like a disembodied spirit. It is the first duty of scientific theory to fight against such loose and dim notions.

Serious objections also arise to ranking 'investment' as an independent economic concept. Investment is in its nature not a quantity, which it obviously must be if it is to be put on a level with saving and even be capable of being subtracted from it. As I have shown in the April number of this Report, income which has not been consumed, nor been used for repayment of debts to the banks, is always invested in the sense that it has a concrete existence in real capital or in claims or other rights. If the new theory desires to limit the concept of investment by connecting it with some particular act on the part of the saver that is to say, if 'investment' is interpreted to mean a choice of particular securities, it must firstly be observed that the great majority of savers never make such a choice themselves but leave that to the banks or to savings institutions of various kinds. The funds entrusted to such institutions certainly cannot be regarded as 'uninvested'. But even if the saver himself decides upon a particular investment this does not necessarily mean that his act has any corresponding reality in social economy. If a saver buys bonds it may be another saver who sells them and it is by no means certain that the purchase leads to an increase in the total quantity of circulating bonds. Even if this should be so, the companies that have issued the new bonds may use the money for repayment of debts, for instance to the banks.

Thus, if we want to give any social-economic reality to the concept of investment as a quantity we are forced to identify it with an

increase in the community's stock of real capital. This concept, however, already inevitably enters into even the most elementary economic theory. There is no need to introduce a new name for this basic concept.

Those who would interpret investment as an act on the part of the saver conducing to a more active co-operation of his savings in the process of production must realize that this greater activity is a very relative concept. If, for example savings are invested in stocks of materials, these stocks may flow through the process of production with greater or less speed and thus the investment of the saver may be more or less active from the point of view of the social economy. The same applies to savings invested in fixed real capital for instance in machinery. Machines may be used more or less fully and intensively. In all such cases, however, there is a question of a difference in degree and this difference cannot possibly justify a distinction between 'invested' and 'non-invested' funds as being two different categories.

Nor is it the saver who determines the degree of activity which his saving shall receive. This is the function of the *entrepreneur* and should the saver actually exert such an influence by a definite choice of investment he turns himself *eo ipso* into an *entrepreneur*.

A period of depression is characterised by reduced activity in the process of production. The fixed real capital is only partially used and floating real capital runs through the process of production more slowly than normally. At the same time a certain degree of unemployment prevails. Thus the capacity of production surpasses the actual production. The problem is then to give increased activity to the whole process of production so that all factors of production may be used as completely as possible. It is of great practical importance to realize that this is the aim of all endeavours to overcome the depression. For economic theory it is equally important to realize that the remedy is to give greater activity to investments, not to invest funds that have been left 'uninvested'.

When a part of the savings is used for repayment of debts to the banks with a cor-

responding reduction of the supply of bank means of payment it may be said that total savings are greater than total investments. But this phrase only means that the banks fail to compensate the annihilation of means of payment by a corresponding issue of new means of payment. This is an occurrence of a monetary nature—in fact, is a process of deflation—and should be treated as such.

If people believe that the depression essentially results from a surplus of saving above investment, they will readily conclude that the depression ought to be combated by a reduction of saving that is to say, by more liberal spending. Lately this has been recommended in a somewhat sensational way, as a cure for the depression. Once it has been made clear that a depression can only be conquered by increasing the activity of economic life this question will stand out in a new light. Of course it may be said even then that increased consumption would itself result in higher activity. It is however by no means sure that a reduction of saving would be the right remedy. During the depression it is no doubt usual for production generally to slow down. Its two main branches the production of consumers goods and the production of capital goods are, however as a rule affected by this reduction in a very different degree. The characteristic feature of the depression is precisely that capital production shows a much more marked decrease than the production of consumers goods. Our endeavours must therefore be directed principally towards increasing the production of capital goods. This is only possible however if savings are forthcoming in sufficient volume.

A continued saving must gradually relieve the capital market and bring down the rates of interest. If such a development is allowed to proceed in a natural way it gives to capital production a stimulus that usually proves sufficient for such an increase in this production as will put an end to the whole depression. This is as we know, the way in which a turn of the business cycle is normally brought about.

The opinion that further saving would be unnecessary during the depression is supported by the belief that the community has been supplied with too much real capital during the previous boom. The under-estimation of saving is strengthened during the period of depression when everybody can see how inadequately the real capital is

used. However, the ideas about a superfluity of real capital are mostly rather exaggerated. Statistical figures showing the degree of utilization of real capital must be read with great caution. The real capacity of production is usually far from being so great as the figures indicate. In fact a considerable part of the real capital is adulterated and does not come up to the best standards of effectivity. For this reason incessant work for the renewal of the real capital is going on even during the depression with the result that its effectivity is being continuously increased. The American steel industry, in spite of a very low degree of employment continues to invest tremendous sums in modernizing its equipment. In spite of an enormous volume of tonnage being laid up throughout the world the building of new ships with higher efficiency is continuously going on. Such an improvement in the community's stock of real capital has always been an essential factor in superseding the depression.

This is doubtless also the case under the present depression. If we should once succeed in eliminating the disturbances which are its cause we should certainly find that our equipment of means of production is in many respects entirely unsatisfactory.

Moreover the house accommodation of the community is always insufficient. For the satisfaction of this want as well as for a better utilization of the means of production in general and thus for the purpose of ending the depression, it is of essential importance that building activities should increase. To this end, however an incessant supply of new savings is required. Indeed in the present situation the most hopeful sign of recovery is the stimulus given to building by the low rates of interest.

Thus we find that a continuous saving is an indispensable condition for economic activity. It must be wrong therefore to try to conquer the depression by any endeavours to check saving or to disparage its social economic value.

So long as private enterprise is insufficient for the necessary increase in economic activity a reduction of unemployment by the aid of public works seems to be a natural way out. This enables a more complete use of the productive powers available and what is thus produced is obtained from the point of view of the social economy, without sacrificing any other satisfaction of wants.

This fact induces people to accept public works as a means for overcoming the crisis even if they are otherwise alien to a belief in any form of socialism as being something desirable in itself.

Against the increased activity in economic life that may be attained by the aid of public works we must however put the further crippling of private enterprise that may ensue if the government (or local bodies) enter on business activity. Private enterprise may find itself placed at a disadvantage by enterprise undertaken or subsidized by the government. Such for instance, may easily be the result of utilizing public money for the construction of houses or for subsidizing such construction. Similarly, private enterprise may see itself threatened if the government intervenes in order to help private business involved in difficulties and thereby deranges the natural conditions for competition in efficiency. Further, State enterprise may have the consequence that certain wages are maintained on an uneconomic level, that is to say, a level incompatible with equilibrium in the social economy. Such action may obviously delay that restoration of equilibrium which is indispensable for overcoming the crisis. Finally, it must be observed that the provision of funds for public works must burden either the capital market or the tax payers. This burden may become so oppressive that it acts as a serious check upon the development of private enterprise.

If we wish to draw up a correct balance sheet of the different results of public works for combating unemployment these *minus* items must be booked against the *plus* item and the balance struck. It is by no means unlikely that this balance will be negative. In the case of the United States in particular the experience hitherto accumulated seems to point in such a direction. In no case is it possible to look upon public works as any lasting solution of the task before us.

A curtailment of saving and an extension of public works are the main points in the policy of expansion that has attracted the chief attention in different countries during the present crisis. In both these points however the expansion policy is determined by a rule or at any rate an incomplete comprehension of the conditions that must be fulfilled if economic progress is to be based on private enterprise. It is obviously possible definitely to cure the crisis by

measures that relieve symptoms, but which in a deeper sense are contradictory to the real condition. The depression is in its essence an abnormal reduction in the activity of private economic life, and it can only be definitely overcome by a removal of the factors that have caused the paralysis.

Among these factors the most important is no doubt the general fall in prices. We have to do here with a process of deflation, that is to say with a phenomenon that is of a purely monetary nature and which can therefore be combated only with monetary measures. The acknowledgement of this truth does not prevent a further analysis of the crisis with a view to clearing up the different disturbances of other kinds that may co-operate in bringing about an abnormal reduction in the activity of economic life.

Among these disturbances we must reckon that of a disturbing equilibrium between different groups of prices, for instance between wages in sheltered industries such as the building trade, and wages in those industries that have to face international competition, particularly wages in agriculture. In the present depression political disturbances also play an essential part. Such disturbances were behind the collapse of the world's monetary system in 1931, which since then has been the dominant factor in the present crisis. Political disturbances are still making themselves felt in the form of a vague fear of war. A more permanent political factor of disturbance is however the incessant interference of governments in economic life, and specially that sort of such interference which manifests itself in the destruction of international trade. It is the extraordinary insecurity in the conditions which governments nowadays offer to private economic activity, that more than anything else ruins confidence and puts the brake on enterprise. In spite of all the difficulties that have been placed in its way private enterprise has shown such toughness and vitality that it does not seem unreasonable to assume that it would quickly restore our economic life to full activity were it only to recover its reliable monetary basis and something like normal liberty of action. In any case such heightening of the activity of the social economy seems to be the only solution of the problem of the world's crisis that is compatible with a right analysis of the causes of the crisis as well as of the normal way of functioning of our present social economy.

The Beggar Problem.

By M. V. Cherian, M A

Poverty like luxury is a matter of degree. Yet from one point of view we may contrast absolute with relative poverty. Absolute poverty may be defined as that condition where the individual or individuals have no income and they are wholly dependent upon the charity of others. Another definition is that condition where the income he or they are having is insufficient for the bare minimum necessary to maintain physical efficiency. But beggars in India come under the first definition only. Relative poverty on the other hand would be the inability to maintain the standard of life which in civilized countries includes something more than mere subsistence. Poverty depends on the relation of income to the cost of living.

Causes of Poverty

The causes of poverty are sometimes classified as individual and social or the result of misconduct and of misfortune. In the first category are put such phenomena as intemperance, habitual indolence, sensuality, gambling, ignorance, shiftlessness and improvidence.

A better classification is that into immediate and ultimate causes of poverty. Where the family earnings are insufficient for mere

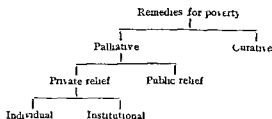
physical efficiency, the immediate causes will generally be death of chief wage-earner, illness or old age of chief wage-earner, irregularity of work, size of family, regular but insufficient wages.

When we ask what is the ultimate cause of poverty, it is at once obvious that no single reason can be separated from the others. Modern poverty is bound up with the facts of modern economic life and modern economic life is a complex product. To select any characteristic feature of the present industrial system and to single it out as responsible for poverty is naive but worthless. The Malthusian seizes upon the redundant population, the Communist upon private property, the Socialist upon private means of production, the single taxer upon property in land, the co-operator upon competition, the currency reformer upon metallic money, and so on.

The Relief of Poverty

All remedies for poverty fall into one of two classes—the palliative and the curative—the endeavour to relieve poverty and the attempt to prevent poverty.

The relief of poverty has taken the form of private and public relief. Private charity again has been either individual or institutional.



Individual charity is often likely to be of ethical importance to the bestower rather than of economic benefit to the recipient. Much of the charity giving in India falls under this group, whereas individual charity giving is considered to be an offence in many other countries. These are some of the arguments which advance for individual relief in India.

Alms giving has always been regarded as a specially sacred obligation in India and both religious sanction and long-established tradition have helped to make it one of the

supreme duties of individual citizen. Much of this charity is indiscriminate and consists in giving out doles of grain to needy persons who happen to knock at the doors of the well-to-do. In a word, individual charity has perhaps had more to do with the relief of the poor in ordinary circumstances than any organised agency.

Institutional Relief in India

Apart from individual charity, the work of poor relief in an Indian village under normal conditions may be said to be distributed between the family, the caste and the village

munimty. Of these, the family is undoubtedly the most important agency of relief. It is impossible to gather a full or correct account of the arrangements by which a village as such maintained its poor in the flourishing days of the village community. The village temples and *Dharmas* used to feed with no attempt to discriminate between the deserving and the undeserving. The Hindu Governments used to provide for the support of these institutions by granting them the revenue on specific portions of land and sometimes by the grant of land itself (*Land System of British India*—John Powell Vol. 3). In Western and Central India during the period of Mahratta rule, the maintenance of the village temple with its annual and occasional charities, was regarded as *nababhat* that is, among the permanent expenses of the village and met by permanent assessments on land. Besides these regular institutions of charity, it was not uncommon for beggars to be assigned a definite portion of the harvest from the threshing floor in the traditional manner of village payments for communal purposes.

The arrangements so far, relate to the maintenance of the poor in times of normal prosperity. When a famine occurs, arrangements in most cases break down and it becomes necessary to summon the aid of the State. In ancient times during famine, the king shall show favour to his people by providing them with seeds and provisions. He shall also show favour by free distribution of grains or cooked food or cash to destitute persons unable to work.

Institutional Relief in Other Countries

Most of the countries of the Continent of Europe advocated and even practised institutional poor relief through the agency of Poor Houses attached to Parish Houses etc. Sweden in 1870, Denmark in 1866 and Russia in 1871, have expressly conferred upon all destitute persons the right to such relief as is necessary. Holland in 1870 framed a new Poor Law in which it was expressly laid down that no person has a right to relief and that the care of the poor is a moral, not a civil duty, that the exercise of charity should be relegated to the church or to private charity but that where these agencies do not exist it may become necessary for the State to intervene in the interests of the public decency and order which is only arriving at the same point by a different way.

As regards England the end of the 16th century was a time of great changes in the social and economic history of England. As a result of the suppression of the monasteries by Henry VIII, succession of bad harvests and a deterioration in the prosperity and good government of the towns, the country became infected with "sturdy beggars" who either would not or could not find work, and preyed upon all those who were too weak to resist them. The problem became so grave as to call for national action, and about 1600 the English Poor Law system was begun. When the Government tackled the problem of sturdy beggars they regarded it as one to be settled on both religious and local lines. The care of the poor is a religious duty and it is but fair that each locality should look after its own. They accordingly chose the parish as the most convenient unit for dealing with it.

When we come to modern times we find that the problem is more acute. As regards India is concerned, she has got two big problems to face

1. Poor relief in rural areas
2. Poor relief in urban areas or cities

As professional beggary is more prevalent in cities than in rural areas and the problem of removing poverty in rural areas is a very complicated case we shall take up the question of street beggary and that too in the city of Madras on hand at present.

The Street Beggars of Madras City

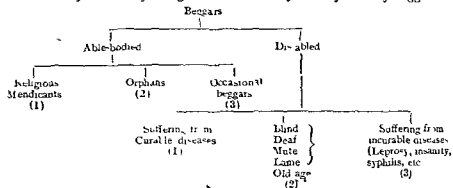
The problem of professional beggary in the city has assumed serious proportions in recent times. But our civic conscience has not yet been sufficiently stirred to remove this abominable blot upon the fair name of the third largest city in India. It is an evidence of feeble civic conscience that the streets of Madras should be littered with horrible wrecks of humanity—a swarm of deserving and helpless people, incurables and defectives swelled by the able-bodied vagrants and delinquents pestering people with their absurd importunities. In every crowded thoroughfare of the city, we find these specimens of degenerate humanity suffering from loathsome and contagious diseases.

It would be well at the outset to estimate the extent of beggary in the city. At the census of 1931 the number of beggars enumerated and shown was 1578 out of a population of 6,45,586, excluding Fort (military). It is not quite certain whether

the figure (1,578) is accurate. Perhaps, the religious mendicants have been omitted but there is no trace of it in the Census Report

The professional beggars in the city form a multifarious body and they range from

those who are no better than striking bundles of flesh to the well-fed professional rogue. A classification is necessary not only for purposes of remedy and relief, but also for a right understanding of the problem. We may classify the city beggars as follows



Able-bodied — (1) Religious Mendicants

There is ingrained in both Hindus and Moslems a habit of alms giving founded in deep religious conviction and there are also those who are urged to beg as a profession according to their religious beliefs.

The following are some of the Hindu practices which advocate begging as one of their duties —

1 'The twice born accomplished student, having lived according to law, after the life of the house holder, should dwell in the forest in the proper manner, self-controlled and with his organs under subjection' — (*Manu Smriti* Vol 3, Part 1, Discourse 6 Verse 1)

2 Having given up cultivated food and all his belongings, he should retire to the forest either making over his wife to his sons or taking her along with him" — (*Manu Smriti* Verse 3)

3 He shall practice, to the best of his ability, charity and righteousness in connection with sacrifices and acts of piety with a cheerful heart, if he finds a suitable recipient (one who knows the Veda and its meaning)" — (*Manu Smriti* Vol 1, Part 1, Section 14, Verse 227)

4 "When asked he should give something without showing any displeasure because he may turn out to be worthy recipient who will save him from everything" — (*Manu Smriti* Verse, 229)

5 'The giver of water obtains satisfaction, the giver of food imperishable happiness, the giver of sesame desirable offspring and the giver of lamp most excellent eye sight. The giver of land obtains land, the

giver of gold long life, the giver of house excellent mansions and the giver of silver exquisite beauty" — (*Manu Smriti*, Verse 230)

6 'The giver of cloth obtains resemblance to the moon, the giver of the cow the region of the sun" — (*Manu Smriti* Verse 231)

7 The giver of carriage and couch obtains a wife, the giver of the Veda equality with Brahman" — (*Manu Smriti* Verse, 232)

It is hardly possible to get rid of these practices, or to eliminate the religious mendicants. But the problem can be organized and different relieving institutions established to deal with the different classes of beggars.

Problem of Beggar Relief

Without being too vehement, I can only say that both Government and the City Fathers have so long neglected their legitimate duties in this most important and special aspect. The first step, in order to outlaw begging and bring it under control is legislation and if the menace is to be effectively dealt with, there must be law to control it, and then must follow adequate means of taking care of these to be dealt with under the law.

An organization or organizations who would do the work of (1) gathering of beggars from the streets and haunts of the city (2) establishing a sorting, classifying and clearing house and (3) establishing a colony.

The colony should be sufficiently large

and it would have to divide itself into sections —

(a) Segregation camps for lepers and victims of other dangerous and infectious diseases

(b) A camp for the orphans

(c) Another for the fully and thoroughly helpless viz blind deaf, mute, insane and aged

(d) Another camp for the able bodied

(e) Another for semi helpless, which forms the base line or unit of classification

The colony would have to possess certain advantages —

(1) A good distance from the city or other crowded areas

(2) Have good climate and drainage and sanitary possibilities

(3) A water supply or facilities for getting adequate water to keep the whole colony including the inmates clean and tidy and also for cooking and drinking purposes

I have thought over the matter of pitching upon Thamlaram as the place most suited for the proposed beggar colony inasmuch as it is not very far from the city and there is cheap and adequate transportation facilities. Further there is enough of vacant land which with a little can be set apart for different camps. The capital outlay in building would not amount to much inasmuch as small huts with bamboo matting walls could be provided for segregation camps, etc.

In addition to the camps already mentioned the following institutions should also be established as integral units of the machinery of poor relief

(1) An Industrial Home

(2) An Industrial School

So far as the Industrial Home is concerned it will be meant for applying the work test to the vagrants and for enabling the partially disabled to earn their living. Work test is one of the essentials of poor relief for otherwise it would be difficult to determine not only the vagrants willingness to work but also his capacity

There's no advantage in being born with a silver spoon in your mouth if you never cut your wisdom teeth

* * * * *

It's not what you pay for your printing — it's the damage which it creates for you that counts

Perhaps the most important is the Industrial School the aim of which would be to take care of the child beggar

For the establishment of the Industrial Home and an Industrial School a capital outlay of at least Rs 25,000 would have to be made for machinery, plant and tools. For staff, food, clothing and medical care of the inmates an all inclusive capitation basis could be considered in the general maintenance cost

I suggest the following scale capitation in dealing with beggars in a colony such as described —

No of inmates	Capitation suggested per month
500	at Rs 10 0 0
1,000	8 0 0
2,000	7 8 0
3,000	7 0 0
4,000	6 0 0

Against this the Able-to-work could be put in the way of producing and bringing back into the funds a substantial amount, thus reducing the capitation cost

The cost would therefore, be —

No of inmates	at Rs	Per month	Per annum
500	10 0 0	10 0 0	60 0 0
1,000	8 0 0	8 0 0	96 0 0
2,000	7 8 0	15 0 0	180 0 0
3,000	7 0 0	21 0 0	252 0 0
4,000	6 0 0	24 0 0	

The earnings powers of the fit by industry, 33 per cent of the population at Rs 5 per mensem —

No of inmates	Per year Rs
500	10 000
1,000	20 000
2,000	40 000
3,000	60 000
4,000	80 000

With the establishment of the beggar colony on the lines suggested above steps should be taken to pass an Act into law with a view to restrict beggars who are suffering from contagious diseases etc from moving about freely among other people who are free from such diseases and thus to minimize the incidence of contagious diseases among the people at large

The French Cabinet is to issue 20 decrees effecting savings of 10,400,000,000 francs in the national and communal budgets and on the railways

* * * * *

It never rains on the unjust if he can get hold of an umbrella belonging to the just

Economic Aspects of Unemployment.

By V. Srinivasan, M A.

A full formed horse will in any market, bring from twenty to as high as two hundred Friedrichs d or such is his worth to the world. A full formed Man is not only worth nothing to the world but the world could afford him a round sum would he simply engage to go and bag himself. Nevertheless which of the two was the more cunningly-devised article even as at 1922. Good Heavens! A man standing on his two legs with his two five fingered hands at his sides, bones and miraculous head on his shoulders is worth I should say from fifty to a hundred acres." —CARLYLE.

I

Unemployment as an economic phenomenon has a history much older than the Industrial Revolution for life appears to have been hard for English workers even in the early decades of the eighteenth century¹ when the era of machinery had not yet begun and wealth was growing faster than the people. Bad harvests had always rendered the problem fearful for agricultural communities and the march of science in the last century has accentuated the problem of unemployment as almost every invention in some trade though yielding a surplus of good to humanity. With the catastrophic changes that came with the Great War, colossal dimensions were reached calling forth heroic efforts in every country.

It is not difficult to understand why a man desirous of living by work gets hagrined if he finds it hard to eke out an existence harder is the case of a worker being thrown out of employment especially on account of lock outs and similar reasons which are not tally his making. Such enforced cessation reacts far on the economic life of the community. It tells considerably on a man's health blunts his intellect and self respect renders him incapable of any zest and in a country like India lands him sorely into debt. For a man thrown out of work holiday is no rest far from recouping himself he becomes a derelict and when he gets a job goes to it worried and underfed. Not only one good workman is lost to the society but the rising generation too is sacrificed. And all that means waste of power to a nation's economy. Unemployment thus proves a fruitful source of evil in society. It is no wonder that early socialist ideology included the right to work among the fundamental rights public opinion has

generally endorsed it and seeks to convert the workers' holiday into fruitful leisure.

The vast proportions that has been a sum of by unemployment will be evident from statistics furnished by the United States of America where one half of the labouring population have been recorded as being put to the necessity of changing occupation during the year without any permanent calling to follow. A committee of enquiry into the problem of waste in industry reported in 1921 that in the U.S. building trade alone the workmen worked on average only for 190 days in a year while another investigation conducted by the Russell Sage Foundation revealed that 3 000 000 adults consisting ten to twelve per cent of the working class population of the States were idle.² Thus underemployment and unemployment have become permanent features in American industrial life and the adult population lost to the nation on these two accounts and on account of the enfeebled old the idle rich and other parasites of society has been computed to be anywhere between four and five millions. The Government discovered this new menace early and President Harding held a conference. A committee emerged out of its deliberations and submitted a report in 1923 basing its conclusions on a book *Business Cycles and Unemployment* issued by the National Bureau of Economic Research. The Report appears to have produced little impression it was not quite comprehensive we learn and did not take note of several remedies urged before the committee.

English labour statistics also show that a considerable unemployment prevails among the working classes. The percentage has increased to 15.4 in 1922 from 2.8 at which

¹ A. Marshall *Money, Credit and Commerce* p. 239 n

Social Progress a *Handbook of the Liberal Movement* (Pub by the Arbitrator N.Y.) 1925, p. 4

it stood in 1898.² Recent years have witnessed a slight decrease in the figures, thanks to the unremitting efforts of the Government. But the problem is there as in many other countries.

II

Viewing it from the proper perspective, unemployment may be related to the following phenomena—

1 High wages. Unemployment is one of the ways known to modern industrialism for preventing undue rise in prices. Karl Marx called it 'army-reserve of labourers'. High wages gained by means that hinder production in one branch of industry increase unemployment in others.

2 If an occupation offers high prices its popularity is out of all proportion to its aggregate value. Young men of an adventurous disposition are more attracted by prospects of success than deterred by prospects of failure. And social rank in an occupation depends rather on high dignity than on the average fortunes of the employed.

3 Irregularity in employment is the rule in backward countries. Its effects in other countries are, however, exaggerated, for, trade union action has rendered the able-bodied immune from the grievous results of such irregularity. Irregularity is an evil, forced interruption consumes men's best strength without any return.⁴

4 The incidents of unemployment arise partly from causes like bad harvests which we cannot remedy and partly from causes which we neither want to remedy nor can remedy. Scientific advance has spelt havoc to some, though the community has been a gainer, and those who reap the good may bestow a part of it to shield those on whom the harm falls.⁵ Taking steps to diminish unemployment as well as fluctuation in employment without slackening the advance of industrial technique is the acid test of statesmanship.

5 Uneven distribution of labour in a country presents quite a distinct problem. Even in prosperous times there are more workers in some places than work, while in other regions there is more employment than there are persons.

6 Dearth of work makes it necessary for workers to migrate to foreign lands. The migration leads to a fresh crop of troubles. It is said that thousands of Italians emigrate to North and South America and Central Europe every year, at times the number is as high as 500,000 adults.⁶

7 A distinction may also be drawn between work-famine and food-famine. Pointed attention has been drawn to it by Mr W. H. Moreland, the author of many well-known studies in Indian economic history. The famines of recent Indian history are all work-famines.⁷ Food-famines do not occur, thanks to the State pursuing a Famine Policy the use of which does not exist in any other country.

III

The classical economists held that no involuntary unemployment other than such as is due to industrial fluctuations, can exist. If this is so asks Prof. Pigou, can entry of competitive imports bring about unemployment? Can a reduction in the volume of the imports increase employment? Prof. Pigou's considered opinion is that such reduction will only cause native labour to make goods for home consumption instead of making export goods. The classical theory is now given up. After the War, wage-earners maintain average rates of wages higher than are compatible with full employment. To this cause is attributed a part of the present-day unemployment but a substantial part is also due to other transitory maladjustments.⁸

The late Dr. Marshall held the view that the only effective remedy for unemployment is a continuous adjustment of means to an end in such a way that credit can be based on the solid foundation of fairly accurate forecasts and that reckless inflations of credit—the chief cause of all economic misale—may be kept within narrower limits.⁹ He deplored too elsewhere, the excessive confidence which causes a violent expansion of credit and rise in prices both of which are inimical to sound economic life. He pointed out how lacking technical know-

C. F. Strickland *Studies in European Co-operation*, Lahore 1922 p. 43.

W. H. Moreland *From Barter to Currency*, 1925 p. 205.

A. C. Pigou *A Study in Public Finance*, 1919.

⁹ A. Marshall *Principles of Economics* 8th edition, 1925, p. 710.

² A. J. Todd 'Abstract of Labour Statistics The Science of Prices' Appendix Table IV.

⁴ A. Marshall *Money, Credit and Commerce*, p. 200.

⁵ *Ibid.*

ledge, the public trust when trust is not justified. They swell, for instance, the demand for materials at a time when far-sighted people may be scenting danger. With every expansion and contraction of credit prices rise and fall and fluctuation presses heavily on those who kept themselves away from the uncertainties of trade. The remedy lay, according to Dr. Marshall, in a committee that should be unselfish enough to curtail production. There is a committee working in the Bank of England parlour which issues occasional warnings but such work is only incidental to its legitimate business.¹⁰

IV

Though two eminent economists expressed themselves in this manner on the subject of unemployment it has not been quite possible for scholars to come to a proper understanding of the problem. It is too complex a phenomenon to admit of clear-cut analysis and want of accurate statistics regarding its intensity, extent and duration has hampered those engaged in apprehending it. None the less steps have been taken all over the world to ease the situation but all of them have not proved quite effective.

Finding work—The chief solution of course, is the finding of situations. Though socialisation of the means of production may help in the realisation of this objective the State has not been as yet able to find work for all the jobbers. What has been done in the past has been done by special institutions created for the purpose or by philanthropic bodies who included such work in their programmes. Trade unions have been found best fitted for such work, but they are by no means the only organisations. Not content with finding jobs, several bodies have actually borne the expense of transporting a worker to the place of work. A mixed method has also been tried under which the work of job-finding has been entrusted to boards on which both the employers and the employed are represented. These are generally the lines followed by bodies engaged in the work of finding situations for those without employment and the work done is not inconsiderable.

In England there is a grand mechanism of Labour Exchanges numbering over 400,

which serve as employment bureaux distributing labour to parts where they are required. The origin of these bureaux goes to the year 1909 and the institutions have gone through the gauntlet of public criticism of a generation. But they do not appear to be favoured by the labouring classes and are regarded as serving primarily the black-legs in the crafts. The registry offices of France did no good work and gave room to grave abuses. A law of 1904 empowered the municipalities to expropriate them with some compensation, all towns with a population of over 10,000 were required to create a free registry office. But few of them did much business and they are not spoken well of by Gide.¹¹

Better work has been done by similar bodies in Germany where, not only was work found for the jobbers, but only half fare was demanded of holders of certificates from registry offices. In France too, some bodies like the *Travailleurs du Livre* and the *Bourses du Travail* gave the *matamor* needed to enable workers to go to their destinations.¹²

It is the special glory of Germany to have obtained remarkable results in the relief of unemployment. Colossal sums have been expended on that account and the federal budget estimates provided 610 million marks for 1927-28 alone.¹³ Germany did not take kindly to unemployment insurance but a small pension (of 200 francs) was paid to widows whose husbands were insured but not themselves. Small sums were also given to orphans provided the total of such doles did not exceed the pensions which would have been paid in case of invalidity.

In Germany the employers are strongly organised and keep in their hands all the vacancies. Under what is known as the *Hamburg System* the members of the Employers' Unions were obliged to recruit the labour they required through those bodies alone.

In Italy the State had always been alive to the problem of unemployment. Government grants to the tune of 1,500 million lire have been spent in 1919 in relief of unemployment and a great part of this was

¹¹ *Political Economy* (Tr. Constance Archibald), 1924, p. 639.

¹² *Ibid*.

¹³ K. T. Shah *Federal Finance in India* p. 24.

¹⁰ A. Marshall *Money, Credit and Commerce*, pp. 261-262.

spent through Co-operative Labour Societies.¹⁴ The Italian Leagues of Resistance, corresponding to the English Trade Unions, have done much to ameliorate conditions of labour in the peninsula and the situation has been considerably eased by the growth of joint-managed farms.¹⁵ Mr C F Strickland, who had toured the country, says that unitary socialist organisations have been criticised on the ground of individual freedom being killed. 'But freedom must be interpreted freedom of a starving man to starve and to seek a living in vain is a paradox and a farce.'

V

Insurance—Unemployment insurance has been tried with some success in England where it has enabled the State to help men who are out of work for no fault of theirs. Part II of the National Insurance Act (1 & 2, G. V, C. 55) provides for a system under which this burden of the insurance is shared between the State and the employer and the employees, the principle being that good trades cover the deficit in those wherein unemployment is chronically heavy. S. 84 of the Act entitles a workman in the insured trades to unemployment-benefit at rates and for the periods prescribed in Schedule 7 of the Act based on the Board of Trade calculations. The sum required is derived partly from the Treasury and partly from the contributions of employers and the employees.

Rates of contribution for workmen and employers

Workmen	2½d per week
Employers	2½d per week
(to which the State adds 12½d per week being 1/3 total)	
Amounts under 18'	1d per week
Employers	1d per week

The conditions and disqualifications for the receipt of the benefit are laid down in ss. 86-87 of the Act.

The system exists in a modified form in Belgium where the State subsidy is made over to the trade unions who pay the benefit to the unemployed. The State's share is in addition to what the trade unions and the workers pay together and the trade unions

distribute the amount under the supervision of the State.

Unemployment insurance has not been tried everywhere with success. Even in England it has to pass through days which recalled the agitation that preceded the Poor Law legislation of a century ago and the system, though it grew into great popularity in post-War days out of gratitude for the be-soldier, is now passing through a period of unprecedented depression. France was always very backward in unemployment insurance and the experiment when tried there was confronted with the strange phenomenon that it was not possible to utilize fully the grants earmarked from public funds, rather very rare in the history of subsidies, as Prof Gide has remarked.¹⁶ Insurance for unemployment was not an integral part of Germany's vast system and an attempt to introduce compulsory insurance failed in the town of St Gall in Switzerland.¹⁷

That unemployment insurance has not been an unqualified success is due to the fact that the magnitude of the problem is such as to preclude the compilation of accurate figures as are available to the actuary, lack of correct statistics must needs impair any scheme of social planning in our age. Experience has also shown that insurance not infrequently encouraged deception and fraud. People, who do not like to work, are generally glad to be out of employment as long as they can when they may have unemployment-benefit. The straight course should then be to make payments sufficiently small to deter men from staying out of work for long, such a procedure would also keep the unemployment benefit amount within bounds.¹⁸

A variation has also been tried by entrusting the work of distribution to trade unions which may avoid the abuses of the system as they can distinguish the false from the true unemployed. The fashion is for the municipality to finance and the trade union to distribute. But many municipalities are unwilling to collaborate in the system as it postulates all men becoming trade unionists. The unions too would become dangerous and powerful and the practice has its own objections.

¹⁴ Mr Strickland says that Italy suffers from a chronic unemployment of agricultural labour. It seldom leads to outbreaks of violence. One of the most serious occurred in 1901-02 in the Province of Emilia and Lombard, cf. *Studies in European Co-operation*, p. 70.

¹⁵ Cf. Strickland, p. 77.

¹⁶ Since 1905 the French Government earmarked annually 100,000 francs for the purpose.

¹⁷ Gide, *Political Economy*, p. 640.

¹⁸ J. A. Ryan, *Social Reconstruction*, p. 91.

Under the *Luige System*, now 38 years old, the municipalities give the money to the trade unions for distribution but the *Ghent System* (1901) grants the subsidy through an autonomous organ called the 'unemployment funds of the City of Ghent'. The latter system has the advantage that its benefits are available not merely to those who are affiliated to trade union organisations, but also to men who are outside their pale.

VI

Another method of unemployment relief is that of public authorities constructing public works during seasons when private industry is not very active, and restricting expenditure to the minimum when private industry prospers. This has been called "*Taking up the slack in industry*". Before and during the War, the Italian Government in common with several others drew up a programme of works which were executed by Co-operative Labour Societies.¹⁹ And we are also familiar with the practice obtaining in India of utility works being taken on hand at times of drought and scarcity. It is a cardinal feature of the famine policy of the State in British India.

What is called work famine is the chief form that unemployment takes in this

country. Though periodical unemployment arises in certain industries, normally all labour is absorbed and curiously enough the problem in India has been not so much to find work for the workless as to find the workers for work. Unemployment of the kind obtaining in Europe cannot be said to exist in India.

But more menacing is the rise, in recent years, of the *badralog*, the educated middle class unemployed—a class which does not seem to exist in some countries like France and Italy, where the professions are not over-crowded. The problem has become acute in India on account of the purely literary education that has been given to the people and, as it has not been possible for the State to absorb all the educated men in public service, there exists "undeniably severe distress" in many cases where work has been found, the remuneration has been meagre and to quote a Government report, "often less than that obtained by the higher class of artisans".²⁰ The last word has not been said on the subject: the phenomenon is new though urgent. That the State has begun to be interested is evident from that at least in one province a committee is investigating the problem in all its bearings and it may not be long before some way out is found.

¹⁹ E. A. Lloyd, *The Co-operative Movement in Italy*, pp. 10-11.

²⁰ India in 1927-28, a statement prepared by J. Coatman in accordance with S. 26 of the Government of India Act, p. 146.

Inter-Co-operative Relations.

The International Committee for Inter-Co-operative Relations held its eighth session recently in Geneva. The Committee took note of the programme adopted by the Swiss Committee for Inter-Co-operative Action and of the establishment in France of a committee for relations between agricultural and consumers co-operative societies. Reports, submitted by other national committees and centres for inter-co-operative action afforded further proof of the success attending the joint efforts of the movement in a growing number of countries. Discussion took place on the various forms of intervention by public authorities in the economic field, and of the effects of such action on the co-operative movement. Attention was directed, by means of reports, to the Czechoslovak Grain Company, the Cattle Board and the regulation of the marketing of milk products in the same country, the butter question in

Switzerland, the operation of the Milk Marketing Scheme in Great Britain, and co-operation and the wheat problem in France. The Committee decided to hold its next session early in October.

Items of news include five lines from Mr Orellana's article, where he says "Types of flooring now range from sponge backed material, where softness and quietness is desired, to concrete filled unit blocks for use where resistance to service is the major factor, such as in public buildings, corridors, etc.", whilst elsewhere other paragraphs referred to Dr Spence. In the early days of this paper we used to meet Dr Spence occasionally and learned much from him re enzymes and other 'highbrow' matter just coming into fashion. He was, we have always been glad to remember, included in our gallery.

Production and Marketing of Agricultural Products.

By Colonel James E Dixon, Birmingham

Rapporteur on Agricultural Produce, International Commercial Congress Paris

This report deals with a condition of affairs inherent in trade itself entirely independent of political and financial questions namely, the insolvent position of the world's Agricultural industry due to its loss of purchasing power. If this condition were remedied a revival in trade would follow automatically and the probability is that such a revival would, in itself, tend to ease the stress of political and financial troubles.

SPECIALIZATION AND EXCHANGE VALUES

It is worth while, when considering modern trade conditions to bear in mind that men no longer produce all their own individual requirements. On the contrary production to day is so specialized that men are almost entirely dependent for the necessities of life on the exchange values of their own products. Men engaged in industrial trades have to purchase their food, clothing and shelter out of their earnings in these trades and even farmers in the usual course do not produce the whole of their food needs and only produce the raw materials for clothing. In addition to this, the whole of their remaining needs can only be obtained in exchange for their own products. The important point therefore emerges that a fair exchange value for a man's products is one that ensures a sufficiency to cover costs of production and a margin on which to live is a necessity for a man's prosperity and to keep him out of debt.

Such a condition does not exist to day and has not existed for some years in the primary producing industries and in particular in the agricultural industry. The selling or exchange value of the products has been insufficient to cover costs of production. To some extent the farmer has been able to live on the products of his farm but he is kept into debt for the purchase of materials needed to carry on his trade and he is badly in arrears in his payment of taxes and interest on loans. In fact it is true to say that the farming population of the world is to-day insolvent.

AGRICULTURAL AND OTHER INDUSTRIES

It is equally true though not quite so obvious, that all other industries are affected by this condition of the agricultural industry. The loss of purchasing power of the agriculturalist means reduced demand for industrial goods. Agriculture employs half the population of the world so the effect of this loss of purchasing power is enormous. It is true that those employed in the industrial trades get the advantage of cheap food etc., but at what a cost? The demand for their products has fallen and as a consequence a large number of them are out of employment and be it noted have to be maintained by those still in employment.

The old established fact comes out that it does not pay either side to continue a trade where one man is habitually getting a bad bargain.

LOSS OF BALANCE IN SUPPLY & DEMAND

The exchange values of commodities depend on supply and demand. Industries vary in regards the ease with which supply can be regulated to meet the demand. Generally speaking industrial goods are not produced in excess of current demand, or if an excess is produced, the matter is quickly remedied. The production of agricultural commodities cannot be regulated with the same ease. It frequently happens that a bumper harvest will result in a surplus supply of one or more particular commodities and a consequently unremunerative price or a shortage due to a poor harvest will bring in an unusually high price. These seasonal changes, unsatisfactory as they are in upsetting exchange values have only a temporary effect. A more serious cause of trouble comes from such the whole world is suffering to day and which is the cause of the report is a production in excess of the effective demand due to unrestricted and often increased increase in acreage under cultivation which is having the effect of taking out much surplus supply and, consequently a long continued period during which the price of agricultural

produce has left the farmer with a loss on his year's trade.

The cause of the loss of balance in supply and demand of agricultural commodities which has brought about the inequality in exchange values is not far to seek. The number of men called to the colours and displaced from the usual vocations during the war and the vast areas of land either devastated by the war or inadequately cultivated in the war areas are, in themselves, sufficient to have upset the previously established balance of production of agricultural products.

Europe has always produced a very large proportion of her needs in foodstuffs. There was a natural shortage of supply in immediate post war years. A single instance will be a sufficient illustration of this. Her production of wheat fell from some 34 million to 25 million tons per annum. Overseas exporting countries with the incentive of high prices as the result of the shortage, set to work to meet the increased demand and increased their acreage under cultivation. Instances of this are increases of 100 per cent in Canada and Australia and 30 per cent in the Argentine within a few years of the war. For some years, the increase in imports of wheat into European countries was considerable, but, as was inevitable, a recovery took place in the productive power of these countries and the time came when such heavy imports were no longer needed. The three great countries, France, Germany and Italy, imported in 1913 some 15 per cent of their aggregate consumption. This figure rose, with fluctuations, until it reached 30 per cent in 1927. From that date, imports fell steadily until in 1932, they again reached the 1913 level. Since then they have fallen still lower. This decreased demand from the peak year of 1927, for overseas supplies, has resulted in a surplus production in these areas and from 1927 onwards important surplus stocks have accumulated. What are known as the world visible supplies (Broomhall's figures) which had been in the neighbourhood of 150 million bushels prior to 1926, rapidly rose to 450 million bushels in 1931 at which level they have remained since. (These figures are for the month of August the lowest period in the year). This increase in visible supplies of 300 million bushels was sufficient to bring prices down to less than half. The average price

in Winnipeg for 1927 was 148 cents and in 1933, 60 cents (price in 1932, 56 cents).

The case of all other agricultural products is similar to that of wheat. This unanimity is what makes the present position unique, as every section of the agricultural industry has lost its purchasing power at one and the same time. It is not surprising that the aggregate result has been disastrous to world trade.

CAUSE OF WORLD CRISIS

It will be remembered that the crisis began to make itself felt in 1930. The tables show that surplus supplies of agricultural commodities began to accumulate in 1926. The argument frequently used that the crisis was the cause of the accumulation falls to the ground. The crisis was largely the result of the accumulation and its consequences and there is no hope for a revival of trade without a return to a condition of balanced exchange values of commodities. The difficulty of adjusting supply to demand in the agricultural industry, referred to previously, is illustrated by the fact that there is little or no amelioration of the surplus stock position after five years of unremunerative prices.

GENERAL FALL IN PRICE LEVELS

It is advisable here to stress the fact that there are two aspects of the price question: (1) the general fall in price levels and (2) the unequal fall in prices which upsets the balance of exchange values of commodities. The general fall (1) has its own grave disadvantages. It has dangerously interfered with the proportion of the various items of cost of production. Certain of these items, such as taxation, interest on borrowed capital, transport and to a certain extent wages being payable in currency, may be termed fixed charges and do not fall with the fall in selling prices. When the fall in price is considerable and continues for any considerable period, these items absorb an increasing proportion of the total and the producer is left with a diminishing quantity with which to cover the purchase of raw material and other items of cost. The margin of profit gradually disappears and, in time, is replaced by a working loss. Eventually, no doubt this would level itself out, but the lag in adjustment of "fixed costs" is so serious that it causes incalculable dislocation.

The unequal fall in prices (2) which brings about an upset in balance of purchasing power between groups of producers, is an entirely different question and requires different methods for readjustment. Regulated production is not advocated for the general fall in prices and indeed would be useless for this purpose. It is advocated for the purpose of adjusting supply to demand in the case of excessive production with the object of regaining a balance of purchasing power between producers. This report deals with No. (2).

CONTROLLED PRODUCTION & CONSUMPTION

Here let it be clearly stated that controlled production does not mean reduced consumption. It means a restoration of purchasing power that has been lost and thereby an increase in aggregate consumption. Excessive production on the part of one group of producers has resulted in a loss of half their purchasing power and therefore of their consuming power. Let us imagine their original producing power as 100 units and their consumption as 100 units or a total of 200 units consumed in the aggregate. By their loss of purchasing power their consumption is reduced to half or 50 units. Their production remains at 100 units which are still consumed. Total consumption is reduced to 150 units. Restore their purchasing power by raising prices to their proper level and consumption returns to 200 units. When this has been achieved and not before we shall regain the possibility of a return to the steady increase in aggregate consumption that comes with prosperity in trade.

REMEDIES

The most satisfactory remedy for the present position would be increased consumption to absorb the surplus accumulation and the surplus production but this is obviously impracticable until those now working at a loss are put on a sound footing once more. Controlled production until the balance has been regained seems the only practicable way. In agriculture there are several methods of doing this. The most generally discussed is that of a reduction of acreage under cultivation all round. The argument against this method is that it affects efficient and inefficient alike. The strength of the argument is doubtful. There have always been efficient farmers and always will be. The farming unit is so small that this can

not be avoided. In any case the efficient farmer will always have the advantage over the inefficient through his better methods of bringing in better profits.

There is another method of meeting the problem in certain areas. It appears to be undeniable that there are areas that have been brought under wheat at times of abnormally high prices that can never be worked profitably with normal prices. It is uneconomical to continue cultivating these areas with the hope of a return to abnormally high prices. It might be better to abandon these areas and compensate the farmers such compensation to be recouped out of a small export tax when prices justify its imposition. This method would only be anticipating what is bound to come about naturally in the long run and would help to hasten the return to prosperity.

One point is simply clear. Taking stocks off the market without controlling production is worse than useless. Every buyer on the market knows the stocks are there and they will have the same effect on prices as if they were free. In addition such action may be an incentive to further increase in production. This actually happened in Brazil under the Coffee Valorization Scheme. Stocks were taken off the market and destroyed. No attempt was made to control production and millions of additional trees were planted in the expectation of improved prices. The expectation was not fulfilled. Production is still in excess of consumption.

Other schemes for controlled production have failed because they did not include a sufficient percentage of the producers. Examples of this are the Chadbourne Sugar Scheme and the Stevenson Rubber Scheme.

An outstanding case of success of controlled production is the Pin Quota Scheme. The strength of the scheme is in its elasticity. The danger of the scheme is that prices may be kept at too high a level. It is early yet to form conclusions on the new Rubber and the Tea Quota Schemes but results so far point towards the possibility of success.

DIFFICULTIES OF INTERNATIONAL

EXCHANGE

Referring for a moment to monetary difficulties it is frequently urged that international trade is suffering from a lack of currency or credit. This argument would seem to ignore the fact that the amount of monetary exchange available for payment of

imports depends on exports. Country A, for instance, exports 1 000 units of produce with a monetary value of 1,000 units to countries B, C and D and imports a similar quantity and value. Payment to the exporters of B, C and D is effected through the banks by drafts on these countries against the value imported from A. If for any reason, there is a fall in unit value of A's exports and the quantities remain constant, A's credit in B, C and D is reduced and there is shortage of exchange for payment of B, C and D's exports. This is caused not by any shortage in currency, but by a change in value of A's exports. The remedy for this state of affairs is either to restrict the unit value of A's produce or to reduce A's imports from B, C and D.

The latter alternative is taking place to day and the effect is twofold. Aggregate consumption is reduced in proportion to the reduction in A's imports. B, C and D suffer from reduced production and the general standard of living falls.

CONCLUSION

The report shows a well defined process that has been taking place in the last few years with a clearly defined result. It is argued that a reversal of the process would reverse the result with a return to reasonable conditions. In reversing the process great care would be needed to ensure that the process did not go too far.

One of the difficulties which stand in the way of attaining the object envisaged above is ignorance on the part of producers of the statistical position or at any rate of its

significance and of the producers' individual and collective responsibility in connection therewith. It is therefore suggested that it would be most desirable for Governments and all other institutions concerned in the countries producing the bulk of the world export production of agricultural products, not only to develop the dissemination among farmers of the statistical information in question (the main figures are already made available regularly in many countries) but to undertake practical educational campaigns with a view to making its significance from the point of view of the world market as a whole fully understood at any given time. A better understanding on the part of the farming communities would have the immediate effect of helping to keep production within the limit of effective consumer demand. It would contribute appreciably to minimizing the dangers of overproduction and might consequently also be expected to have a desirable influence on demands for tariff protection or Government intervention for holding stocks off the markets or artificially maintaining prices.

Since this report was written figures have been published of the imports of wheat and butter into the U.K. and they give a clear illustration of the result of controlled production. In the case of butter uncontrolled production has resulted in a further increase in shipments and a further decrease in value received. In the case of wheat the control instituted as the result of the Ottawa Conference has resulted in a slight reduction in shipments and a considerable increase in total value.

Two most important books on popular health have just been published by Messrs Appleton. One of these is *Infantile Paralysis* by George Draper, M.D., a comprehensive account of this dreaded disease intended to educate and reassure the lay public. Carefully weighed answers are given to just those questions which the average person will ask. What does the medical profession know of the disease? Can it be prevented? Does it help to run away from an epidemic? Are the newly developed serums effective? What can be done to prevent deformities? All these points are sanely met.

The other volume is *Tuberculosis* by Fred G. Holmes, M.D., and is intended essentially for the patient who has the disease or who suspects he may have it. Dr. Holmes explains the exact nature of the disease, the symptoms, the complications, how to recognize improvement, what to do, what not to do, so that recovery may proceed as rapidly as possible. In short, here is every bit of information of value on the use of fresh air, sunlight, therapeutic lamps, vaccination, etc.

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The Japanese Cabinet has approved trade retaliation measures against Canada.

Educated Unemployment and Agriculture.

By Keshava Sharan Agarwala, M.Sc., LL B.

The problem of unemployment among the educated classes is becoming more and more acute in India day by day. One of the chief steps taken to tackle this problem has been the creation of technical institutions and vocational schools. But the mere establishment of such institutions would not as has already been pointed out by others solve the problem. Diversion to vocational education is without doubt a step in the right direction but the provision of a few technical institutions alone will not create new industries to absorb the men trained in such institutions. What is needed is a change in the present outlook which leads most people to reject rural occupations like the agricultural and allied trades as beneath their dignity.

It is not unfortunate that agriculture the premier Indian industry—which with bread to the vast majority of the Indian population—shall be rejected by educated young men on the pretext of its being an occupation beneath their dignity. It must be kept in mind that even highly industrialized countries of Europe and America consider the status of agriculture among their industries as one of the most important. This point the American Commission writes

Agriculture is not merely a way of making money but run crops. It is essentially a public trust and service performed by private individuals for the state and the individual and the interest. The remark probably applies even with a greater force in India which is predominantly agricultural. In a rural country like ours the part of agriculture can't be over emphasized. Despite the fact that the proportion of the population engaged in agriculture is already very high there is still ample scope for educating young men to take to agriculture.

In 1911, wanting for long without work in the hope of a chance of employment, I was taken with a certain fatal fever, two or three times due to great colds, was laid up, and, not recovering, died. I was 44. I had never before, I was also told, felt this great misery. I was so ill that I could not eat. My wife, I am sorry to tell, died of the same fever, days before I recovered. I feel that I have done my work. It is better to be dead than to be in the grip of the grip.

cultural classes is a great handicap to the agricultural industry in India and the association of educated men with it will really mean a great step forward in its progress.

In order to divert the attention of the hitherto unemployed to the cultivation of land it is essential that there should be some kind of facilities and encouragement offered to them if they take up practical farming for their pursuit of a living. It is interesting to note that very recently as reported in the press the Government of Kerala State have offered to grant a rebate of 10 per cent of 25 per cent in rent respectively to those (agricultural bond passed and Matriculates (as persons of higher education) in the State who would take to agriculture within five years of the passing of the order. Such measures would certainly prove of value in solving the problem of unemployment among the educated class and should be given a trial in other parts of the country also. They are also likely to encourage education among the rural population.

Another way of encouraging young men to education with out work to take to agriculture would be to offer them some part time employment as school teachers, sanitary inspectors, village postmasters etc. in the villages together with a suitable piece of land on rent to enable them to carry on farming in addition to their part time duties as service. Similar other methods are required to be devised for trial and experiment.

Let me concluding it must be mentioned that with the increasing amount of attention returning from agricultural departments in matters of research, marketing, organisation etc. all of which tend to enable the agriculturist to obtain a greater and better return from the land for the same amount of labour and at a better price for the produce and with the growing public interest in activities in general, subjects like fruit culture etc. the agricultural industry is expected to attract a wider scope and to

film a practical rule in future that never before I had told young men who I was to be getting their millions was that of profanity and that they were well advised to keep their lives in order. As a literature I cannot undertake the property of the film it is the only thing I have.

volves the expenses of advertisements and issuing prospectus, loss of interest due to the remaining of money idle during the intervening period of raising and lending, etc. The best way is to give the debentures to the borrower who should cash them with the Central Banks with whom some definite arrangement may be made for encashment. By this way the borrower may lose heavily, if the prices have sagged and on the other hand may gain too if the prices have soared. In India generally the former will generally be the case as illiteracy and ignorance in these matters are rampant in the country. It would therefore be desirable to make arrangements with primary co-operative societies to cash the debentures at a slight discount. These societies should pass them over to Central Banks who should tap the wider resources and charge a small fee to the respective banks of issue for this kind of business. Where there are Central Mortgage Banks they should perform this function in their absence the present co-operative Central Banks should carry on this business. These Central Banks should keep their representative on Stock Exchange to create an active market and to prevent undue speculation in this security and consequently great fluctuation in the price. The mortgage banks should utilize the sinking fund to stabilize the prices of their own bonds by purchasing them when the prices are low and selling when high. The banks should also like the German *Landschaften* allow the debtor to make the repayment if he likes in bonds instead of money with a view to augment the popularity of these bonds. The marketability of this kind of security needs to be greatly developed in this country.

Lastly, the Stock Exchange should try to facilitate the sale of this security, make rules for it apply its tests before accepting it on its list and base the membership on sound

business character and reputation and to create a confidence in the mind of the public for its listed security.

YIELD

It is only the professional and experienced people that lay much weight on the security and marketability, the overwhelming majority of investors pays first consideration to the yield. The yield is of two kinds, current and redemption. Both of these should be taken into consideration. Exemption from tax would help much to induce some investors. The land mortgage bonds are free from political influences, budget deficits changing taxation sinks etc. There is therefore, no need to worry about the great fluctuations in earning power of this security. The rate of interest on this security is also generally higher than other forms of securities.

In India Government borrowing when made at very high rates affect the money market greatly. The Bank rate is ordinarily high. The Postal Cash Certificates carry away a lot of money of the small investor. The Indian capital is shy and many people rather prefer to hoard and find great satisfaction in gold ornaments. All these make the task of the Land Mortgage Bank much more difficult which have consequently to pay a very high rate to meet the competition. The yield is, therefore naturally high on this security.

In conclusion, it may be said that this security is an attractive and sound investment and in some of the European countries the Mortgage Bond commands a good market in spite of its yield being less than the Government securities. Until the bond finds favour with the ordinary people the philanthropists should come forward and encourage this security as it is especially suitable to solve the problem of rural uplift.

A recent proclamation of the Bahrain Government announced that the import into and transport, sale possession or manufacturing of cultured or tinted pearls in Bahrain is strictly prohibited. The Political Agent Bahrain, now reports that two persons were convicted on 20th July last for sale of cultured pearls and were sentenced to seven years imprisonment. The chief means of livelihood of all the Arab

States of the Gulf is by pearling and the introduction of cultured pearls would ruin many merchants and reduce to destitution thousands of poor pearl diver. The cause therefore has caused considerable interest among the Arab communities of all classes along the Arab Coast and it is expected that this sentence will have the desired effect preventing the further introduction of cultured pearl into the Gulf.

deal of trouble owing to difficulties of checking and the mills who have tried it have not found it satisfactory.

Welfare work continues to show some progress, but no real advance can be hoped for until industry generally is making more profits.

Three mills in Ahmedabad built creches during the year, whilst the mills in Jalgaon, Amalner, Dhulia, Poona, Gadag and Bansi have also recognised their value. The position in Bombay City was again affected by the general strike and considerable attention was paid by the Lady Inspector to restart the creches after the mills had restarted. Improvements have been effected in a few of them and in December an average of 442 infants were being cared for. Women are being educated regarding the evils of opium drugging and in Bombay the mothers of 228 infants stopped the practice whilst 24 infants were not introduced at all to the pernicious *bal goli*. Formerly about 98 per cent of the infants of mill women are regularly opium drugged. The creches combined with the Maternity Benefit Act and the development of maternity homes by private philanthropy, by the Municipality and by the Infant Welfare Society aided by Government have effected remarkable changes in the last ten years and a high percentage of the infants born to mill women in Bombay start life in maternity homes whilst many infants are carefully looked after in the mill creches whilst their mothers are at work. An effort is being made to establish creches in the Bombay mills that have not recognised their value and the results will probably appear in the course of the current year.

Debt redemption through co-operative societies is progressing. A few more co-operative societies have been started where they did not formerly exist. Safety First propaganda continues to be done. There are 35 Safety Committees functioning in the factories of the Presidency.

About 300 tenements were constructed by the Ahmedabad Millowners Housing Society during the year as the first instalment of their agreement with Government and the Municipality to erect 1,000 tenements within a period of three years. The Labour Union also increased by 20 the 60 tenements previously built. These represent the most notable addition to the housing of factory hands although most of the new spinning factories in Sind have provided accommodation for their permanent staffs.

Returns were received from 414 of the 419 factories amenable to the Act. A feature of the year was the amending of the Act by the Legislative Council. The duration of benefit has been increased from seven to eight weeks and the qualifying period from six to nine months. The flat rate of 8 annas a day has been retained in the principal cities but in other areas the rate has been fixed at the average earnings, with a maximum of 8 annas a day.

A valuable change has been the introduction of a pre-maternity benefit of 4 weeks subject to safeguards. The women under the former system did not derive the maximum advantage from the benefit since it was usually drawn some months after the event. Efforts have been made to acquaint the women with the advantages of the change, and publicity has been given to it in the organs of the Millowners Association, Bombay, and the Labour Union, Ahmedabad.

A sum of Rs 97,879 was paid by the factories to 4,123 women and 54 other persons. The benefits per 100 women were 9.3 compared with 6.2 in the previous six months.

It is satisfactory to be able to state again concludes the report that employers in most of the large factories are guided more by the spirit than the letter of the law, and in several cases benefits are paid although there has been no legal obligation to do so.

The International Land Workers Congress was held in London early in July last under the presidency of Mr J. Duncan (Scotland). Delegates from fourteen European countries attended it. The following Resolution was passed by it: That this Congress of International Land Workers' Federation having considered the effect of

the agricultural crisis on the wages and social conditions of the land workers declares that it is urgent that land workers should be insured against unemployment and that measures should be adopted in all countries to secure protection of the wages and working conditions of land workers.

Economics in the West.

directions the League of Nations may have disappointed the high hopes entertained at its foundation its Secretariat has rendered an invaluable service in disseminating economic and financial data. The figures are very high with figures so low as other countries per cent but there are few other countries countries large between about ten and thirty per cent but there are few other countries with figures so low as Europe and Europe proportions subject to one or two exceptions are very high.

Among the most valuable of the essays in comparative statistics published by the League is a volume entitled *Commercial Banks 1929-1934* which contains full material together with explanatory comments on the trend in commercial banking in a large number of countries. Moreover an introductory section presents a series of international comparisons distinguished by a high degree of judgment as well as ingenuity in the use of the available statistics. It is in this section that some significant material is to be found on the subject of the supply of money as composed on and the variability of its component parts.

QUANTITATIVE FACTORS OF CURRENCY
 First figures are made available as to the relative amounts outstanding of currency and bank money. For this purpose the League computes the amount of currency in the hand of the public excluding the commercial bank's and records the sight deposits of the commercial banks representing the volume of bank money the two together making up the total supply of money. It may perhaps be objected that in some countries there is a practice little distinct between sight and time deposits and that all should be considered as money either active or reserved but while the compilers of the figures recognize this objection they conclude that for purposes of international comparison on the sight item is preferable. On the figures for the three countries whose financial policies exert dominant influence in the world affairs—the United States, France and the United Kingdom. According to the League's computation on currency in this country and the United States constitutes between one fifth and one quarter of the total active money—that is sight deposits at the banks and currency in the hands of the public, the correct underlying proportion for France is well over two thirds. Generally speaking the proportions for Anglo-Sax

either a growth or shrinkage of currency outstanding. It follows since the sole or dominant power of note issue is almost everywhere vested in the central bank that a central bank's efficiency in monetary management is impaired by a relatively large outstanding volume of currency and that its capacity to regulate monetary conditions steadily and positively is increased by the quantitative unimportance of currency as a medium of payment and an instrument of saving. For this reason it is not axiomatic—though most people seem to suppose so—that the power of note issue should invariably be concentrated in the central bank.

RESPONSIVENESS OF CURRENCY TO TRADE

Perhaps even more vital however is the weakness to which a central bank is subject in a country where the demand for currency may vary widely and suddenly for reasons unconnected with changes in business turnover. Notably if the demand for currency increases violently at a time of disturbance, whether financial or political the central bank's note liabilities are subject to sudden, irregular expansion. Accordingly its capacity to allay the disturbance by a generous credit policy or even to refrain from restrictive action is placed in jeopardy at the very moment when it is most fully required. A central bank subject to this weakness is placed permanently on the defensive instead of standing forth as a positive contributor to the shaping of business conditions. On this point too some significant comparisons can be drawn from the figures quoted perhaps the most useful being between the United States and the United Kingdom since the basic proportions between currency and bank balances are roughly similar for the two countries. According to the League tabulation between the end of 1929 and 1933 the volume of sight deposits in commercial banks in the United Kingdom rose by five per cent and the currency outstanding by more than ten per cent. In the United States by contrast sight deposits fell by nearly forty per cent largely as a result of owing to bank closures but the volume of currency in the hands of the public actually rose by more than fifty per cent. The intervening fluctuations moreover were highly irregular. Between these two dates the volume of trade in the United States had diminished and the price level had fallen heavily, and it follows that the demand for currency was largely inspired by factors

other than the need to finance business. Actually, the principal reason for the enlarged demand was the widespread panic, associated with general financial, economic and political disturbance, and in these circumstances the possibility of pursuing a wise, consistent monetary policy was negligible. True, the circumstances were exceptional in degree, but not so exceptional in nature, and it is easy to see that wide variability in the demand for currency can seriously hamper intelligent management of monetary affairs.

Returning to this country, the responsiveness of the currency issue to fluctuations in business turnover can be readily demonstrated by more detailed figures. Unhappily, no accurate measure of the turnover of business has yet been evolved while on the other side of the comparison, various minor accidental factors have some influence, though usually small, on the volume of currency outstanding. The principal factors affecting the demand for currency in this country are the volume of retail business of all kinds and the general price level. To bring these terms into more concrete form the volume of business is indicated, for this purpose, chiefly by the volume of employment, though an addition to the numbers of workers employed does not imply a full corresponding addition to wage earners' spendings, since many of the new wage earners would presumably have received benefit when unemployed. As for the price level, it is necessary here to take account chiefly of the cost of living and rates of wages. For all these items indices are available and the general results can be checked in some measure by other material.

Ever since the middle of 1932 from which point the steady recovery of business may be dated the quantity of currency in the hands of the public has shown an upward trend. To quote figures prepared by the Bank of England, to cover both coin and notes the growth during the three years to May 1935 amounted to about six per cent. As for the turnover of trade, during that period the number of insured persons employed rose by more than ten per cent, while wage rates and the cost of living on balance fell very slightly. Hence we may deduce that the amount of business settled by the handling over of currency expanded by a proportion between five and nine per cent—retail trade statistics would suggest a figure of about seven. The correspondence between currency outstanding and the rough approxi-

increase in the fiduciary issue. On the one occasion on which the fiduciary issue has been raised the increase was associated with foreign withdrawals of gold resulting from general international disturbance. It would be well to show that an increase will be granted equally readily for pure trade purposes in relatively peaceful conditions.

In the circumstances now existing there need be no fear that an expansion of note circulation even if it demands an increase in the fiduciary issue is inflationary. In this country inflation if it comes at all comes not through the note issue but through bank deposits which are the governing portion of the money supply. Nor can expansion of the note issue be taken even as secondary evidence of inflation unless commodity prices show a strong upward movement gathering momentum and threatening to require strong measures for its arrest. So long as a pound note buys a steady amount of goods and services there can be no inflation even though a larger population and a higher standard of living call for more and more numerous pound notes.

The conditions we have described indicate then that our monetary authorities are favoured perhaps more than in any other country by an almost entirely passive currency system—a system under which the currency circulation moves mainly in response to demands for trade purposes without the interjection of sudden heavy fluctuations arising from quite different causes. In such circumstances the authorities can operate upon the volume of bank deposits in steady pursuance of a well-calculated monetary policy confident that their plans are not likely to be upset by wild and incalculable currency movements causing violent disturbance to reserve ratios and thereby precipitating further unsettlement. For this reason if for no other the conditions in this country are more favourable for consistent monetary management than in America or France or probably in any other part of the world. It is well to remember this in considering the possibilities of monetary management on a national or international basis in the new world upon which we are entering.

When was the sugarcane first planted in Venezuela as it is commonly claimed to be one of the oldest industries of that country? Spain knew it about A.D. 755 but it was some eight hundred years before it was distributed in what we now know as South or Latin America first by Columbus in 1493 and then by others up to 1552 when it reached Brazil and was established in the Argentine around 1620. One feels able to estimate therefore that Venezuela has known the sugarcane for five hundred years this being the case and as some of the areas in the Venezuelan State of Zulia are unsurpassed by any other centre for the quality of the sugar produced one cannot help asking whether canes from that country have been tested and experimented with in Java and elsewhere where cross breeding of the various varieties has long become a fine art. Sugar growing districts may be unsurpassed for what? (1) Size of cane (2) weight of cane to the acre (3) sugar content of cane (4) comparative immunity to disease and pests &c &c. To which of these good qualities do the admirers of Zulia lay particular claim?

Where there is no choice we do well to make no difficulty

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People who give themselves away are not always charitable.

* * * * *

Poets are born—and there does not seem to be any remedy for it

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Programmes of 67 languages are broadcast regularly by Soviet radio stations. During the past few years the Soviet radio network has been extended considerably. There are now 67 stations throughout the country and more than 20 000 000 listeners. Relay broadcasts from America are especially popular.

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Mysore and Mangalore Coffee Planters have in an interview with Sir Mirza Ali Ismail Dewan of Mysore urged that arrangements should be made to have the surplus value of imports of materials from Germany into Mysore paid in Mysore coffee. The Dewan has pronounced sympathetic action in the matter.

International Commerce Congress.

Planning for Prosperity

Paris June 25 1935—The World Congress of the International Chamber of Commerce opened at the Sorbonne Paris yesterday in the presence of M Albert Lebrun, President of the French Republic M Georges Bonnet Minister of Commerce M Blaisot Under Secretary of State and members of the Diplomatic Corps

The meeting which will last throughout the week is being attended by over 900 business chiefs who have come from 40 countries to represent the financial commercial, shipping and manufacturing and export interests of their nations. This world parliament of business men will discuss trade from all angles and exchange views and policies with a view to hastening international recovery

In his presidential address M Fentener van Vissingen emphasised the need of international co operation. As long as no way can be found of giving something to one without taking it away from another he stated it seems to me that the only planning for prosperity which can be helpful to the world in general is to produce wherever conditions are most favourable and to distribute the commodities produced as efficiently as possible regardless of frontiers

INTERNATIONAL CO OPERATION

In opening the Congress M René Duche min President of the General Confederation of French Industry and Vice Chairman of the French National Committee of the International Chamber underlined the determination of business men from all countries to continue to work in co ordinated effort for the re establishment of world trade

The International Chamber constituted the great rallying point for this international effort. Without international agreement recovery would be indefinitely delayed. The prosperity of the countries of the world depended upon increasing trade between them and must be based on a stable monetary standard and the observance of contractual engagements

Mr F H Fentener van Vissingen President of the International Chamber who submitted a detailed printed report entitled

Trade in Our Days in which the changes that have taken place in world trade and the altered conditions under which it has been expected to function since 1933 are reviewed stated—

I have first to underline the immense difference between the economic policy the International Chamber recommended two years ago at its last Congress and the policies which have in fact been followed during those two years in the various countries

MORE TRADE BARRIERS

What we asked for would have brought us a more efficient international distribution of commodities (that is to say a more effective division of labour between nations so essential to a satisfactory standard of living) stable currencies steadier price levels and gradual restoration of that confidence with which rising economic welfare cannot be built up

What we got was more trade barriers, greater monetary instability increasing transfer difficulties and greater lack of confidence than ever before. We played at internationalism behind reparations obligations and war debts which would never be filled or paid we saw creditor nations creating their exports while at the same time restricting imports by artificial means. If we compare the present economic condition of the world with that of two years ago we shall find that it has become worse. The most alarming fact of all is that even today we can see no reliable sign of improvement in the general situation. Such local advances as there is in no way counterbalances the ever increasing complication of the monetary system and international payments

NO UNITED ACTION

All nations are struggling for more prosperity and some of them are making all kinds of interesting experiments to achieve their end. But of concerted international action in this respect there is not yet question and the alarming fact remains that the measures every one is taking on his own behalf clash in many instances with those taken by his neighbours

Can we ever make progress if in some countries premiums are given to restrict the production of foodstuffs where they could be produced under favourable circumstances while in other countries where the circumstances are much less favourable, premiums are paid to stimulate the production of the same foodstuffs?

Or if one nation pays subsidies to restrict tonnage, while at the same time other nations provide public funds for the building of new ships, regardless of the fact that by their own commercial policy they are restricting the volume of goods or the number of passengers they could carry.

Of what use is it to us if some countries make great sacrifices to further adjustment of their costs of production to fallen prices by a process of deflation, while at the same time other countries provoke new price disturbances by manipulating or devaluating their currencies?

As long as the foundations of world trade are not restored we cannot have confidence in the future development of the business situation. While monetary instability lasts prices will remain depressed. There can be no re-birth of the spirit of initiative among business men as long as they come up against governmental interference at every step they take whether buying, selling, producing, distributing, trying to collect their debts or trying to pay them.

Business men have never been afraid to face the normal uncertainties of trade but what is preventing them from going ahead at present is the additional instability artificially created by the trade barriers and fluctuating currencies and interference of recent years.

CONGRESS TASK

The main task of the International Chamber has always been to promote world trade. And the task of this Congress will be to show the world once more the way to develop international exchange of commodities which is so essential to the world's welfare.

It is easy to say stabilise currencies pull down trade barriers, diminish governmental interference. But where ought we to start, how to make a beginning, and how are we to proceed without creating new disturbances?

In all these years economic life has gradually adapted itself to the present conditions, however unnatural these may be. Nor can we expect, or even desire, the withdrawal of government intervention at a single stroke from every sphere of economic activity.

If we can produce practically applicable solutions, then I am optimistic about the chances of getting them at long last adopted by the governments and by industry for already we see signs that belief in the virtues of autarchy is losing its hold on men's minds,

and that there is at any rate a greater predisposition to turn to sound principles.

Here I see a great and important task for the International Chamber of Commerce, for its leaders, its committees, and its staff. It is work that cannot be done in a day, but it is work that the world needs most of all. It is work that calls for the knowledge of experts and the foresight of experienced business men.

MUST GIVE LEAD

'We shall not hesitate to undertake it if we know that the members of our organisation are backing us whole-heartedly, not with words alone, but also by showing the world that they apply each in his own sphere of activity, the economic principles we know the nations ought to follow—not by telling other people what they ought to do, but by doing it themselves.'

A report on the International Chamber's activities since its Vienna Congress in 1933 was then presented by M. Pierre Vasseur, Secretary General. The International Chamber's resolutions, he said, 'were solidly based on the considered opinions of thirty-two organised national groups representing the main economic forces of their countries. They were not mere platonic desires but constituted action in its first stage.'

Addressing the opening meeting on behalf of the French Government, M. Blaisot, Under-Secretary of State at the Présidence du Conseil, after paying a warm tribute to Mr. Fentener van Vlissingen, said that the Congress of the International Chamber of Commerce was of first importance, particularly at the present time when everybody was anxiously looking for means to bring the economic crisis to an end.

Emphasising the need for stable currencies, M. Blaisot said that to render international exchanges more elastic was one of the objects which the French Government had fixed for itself.

NEW COMPETITION FOR MARKETS

Three group meetings were held in the afternoon. The first, presided over by M. E. Heldring (Netherlands) discussed 'New Competition for Markets.'

Sir Arthur Balfour said that many people still remembered the tremendous pre-war industrial expansion of Germany which began by being based on a lower standard of living than that obtaining in Great Britain or the United States and by the production

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or cheaper classes of goods which had to look to a world market to enable them to be produced in that volume which made their modern method of production feasible.

It was then anticipated that Germany would secure the bulk of the world's trade but slowly though surely the standard of living in Germany rose and Germany became one of the greatest buyers of raw materials and even manufactured goods and the policies of former times were proved to be wrong.

Then came another type of competition in the world's export trade that was the mass production of America. Here again the series of other nations proved to be unimportant. America became the greatest manufacturing nation in the world. And now the same thing was happening in the East.

FREE MARKETS

It must be said that the Japanese are at the same time realizing that it pays to look after the welfare and education of their workers. Japan is one of the greatest buyers of cotton and other raw materials, as well as manufactured articles and is a very expanding market. While its competition might be harassing to individuals as a world-wide range of economic factor it had great possibilities of good. Unconsidered restrictions against competition would only result in increasing the cost to the consumer and in restricting world trade still further. What is needed is a freer, not a more restricted, circulation of goods.

INDUSTRIAL RESTRICTIONS

Mr. Walchand Hirachand (India) said that whereas the standard of living in India was unduly low this did not necessarily mean that cost of production per unit to the employer was correspondingly low because it was found that the efficiency of the workers was lower than in highly industrial countries. He claimed that from the beginning Indian industries had been placed under serious restrictions by the British Administration. Referring to Sir Arthur Ballbourn's condemnation of economic nationalism he thought economic nationalism was the only means which would help to raise the standard of living through the development of the country's industries.

Mr. Vasek (Czechoslovakia) said that the existing difficulties in world commerce were the direct consequences of the War. It was easy to say that liberalism was dead

but economic laws continued to have their effect. We should attempt to obtain protection which would make possible adaptation to lower prices rather than in order to keep prices up.

Mr. R. de Battaglia of Poland said that the agricultural policy of several industrial and creditor countries of Western Europe was interfering with the natural international division of labour. This weakened the purchasing power and the capacity to pay of the Occidental European countries. The Congress should condemn these policies.

M. Etienne Fougère (France) said that the object of this meeting was a true discussion with a view to obtaining information at the various viewpoints concerned. The solution was a return to economic liberty, but this return must be by stages. The technical progress had profoundly modified production methods and economic structure. We must have self-discipline and here the International Chamber should play a leading role.

Mr. Arthur Aron, a British delegate, pointed out that the handicraft industries of India were destroyed in that country in many others by the coming of machinery and not by Great Britain. India had engaged in Imperial Preference for many years and therefore there could be no question of against India. The cause of India's relative inefficiency was as a result of Mr. Hirschman had himself pointed out is high as here in Lancashire.

M. Heldring might be expected to have a close connection between an increase in the world trade and rising standards of life.

In the discussion on International Regulation of Trade, Publicity and International Development Board read a paper in which he suggested that in international committees should be set up which should eventually assume the functions of an international trade publicity board of arbitration which would by its influence improve publicity usages and would deal with all of ourable methods of publicity.

At the meeting of the Air Transport Group presided over by Dr. Kurt Weizsäcker (German), a resolution was put forward for consideration by the Congress as a whole proposing that as from the beginning of 1924 (Continued on page 508)

Canadian Trade and Finance.

Business Conditions in Canada.

Montreal July 2, 1935—Within the last month the agricultural situation throughout the entire Dominion has improved as the result of generous rains. The latest index of the physical volume of business and the indices of manufacturing and marketing show that the activity of business in 1935 has been above the levels attained in 1934

and that a gratifying volume of mineral production is being maintained. Iron and steel, automobile and newsprint production have been satisfactory, car loadings have increased, new gains have been made in export trade and employment is more general than at this season for some years.

Indices of Canadian Business (1926=100)

Index	Last month 1935	Corresponding month	
		1934	1933
Physical volume of business	98.3	92.6	69.8
Manufacturing	94.0	87.7	67.0
Steel production (tons)	73,000	71,000	23,000
Automobile production	102.9	78.3	35.2
Forestry products	99.0	94.2	63.7
Mineral production	156.4	160.2	102.8
Electric power	195.9	176.7	134.9
Distribution	100.0	96.0	82.9
Car loadings	79.1	76.0	59.4
Foreign trade	66.5	69.5	45.8

AGRICULTURE

The seeding and early development of the 1935 wheat crop in Western Canada have taken place under vastly different conditions than existed a year ago when a serious situation was apparent, with drought, high temperatures and grasshoppers causing widespread destruction. The spring of 1935 was cold and seeding was completed much later than usual. This handicap, however, was largely offset by rains during May and June and the dry areas shared in this general rainfall. Evaporation has been slow because of the cool weather and the absence of high winds, and the added moisture will be more effective than usual. Notwithstanding the present satisfactory moisture situation, normal summer rainfall is still required to ensure satisfactory yields and there are limited areas in south-western Saskatchewan and south-eastern Alberta which are unlikely to harvest normal crops this year. Crops in northern and parts of central Alberta are still shadowed by the lateness of seeding, but elsewhere growth has been steady and fairly rapid. Although the cool wet weather has delayed the hatching, grasshoppers still remain a serious threat and scattered outbreaks have been reported in Manitoba and Saskatchewan. Some injury to crops from cut and wire worms as well as hail damage has occurred but on the whole stands have seldom been so uniformly vigorous and free from serious damage at this stage of growth.

The total acreage sown to spring wheat in the West is estimated to be about five per cent smaller than in 1934. The average yield per acre is expected to be much better and the prospect of a larger crop of wheat this year is causing some concern, as stocks of old wheat are still heavy. Deliveries are still coming forward in considerable volume and with stagnant export demand it seems improbable that the carryover at the end of the season will be much below last year's total.

The areas sown to coarse grains are larger than last year in Saskatchewan and Alberta, partly as a result of the late season and the impracticability of sowing wheat. These crops have also made satisfactory progress, although marked variation in condition exists because of the wide difference in seeding dates. Ruminant hay crops and better pastures are an important feature in the improvement in farm conditions in Western Canada.

Farm operations in Eastern Canada were also delayed by the late spring. Some increase in acreage is reported, but potato plantings are being restricted because of the unsatisfactory returns from last year's crop. The winter killing of fall wheat in Ontario was not so severe as in 1934, but was still high and 20 per cent of the area sown was abandoned.

Orchards wintered well, but early development was slow. With warmer weather,

same number are expected for the current season

LUMBERING

Logging operations in the Maritime Provinces are complete for the season. The cut is about 20 per cent smaller than last year. In Quebec operations were more extensive than for some years. It is officially estimated that the cut was at least 50 per cent larger than in 1933-34 and that the total last winter exceeded the average for the past fifteen years. British Columbia lumber camps have been active and have now exceeded last year's production in spite of the shut down early in the year owing to unfavorable weather conditions. The low scale for the first four months totaled 569 million feet against 475 million in 1934. Exports have been disappointing, as compared with last year, largely as a result of decreased orders from the United Kingdom. Smaller shipments were also made to Australia, British West Indies and China, while increased quantities went to New Zealand, British South Africa and Japan. Since the opening of conversations between Canada and Japan regarding a more balanced trade between the two countries, enquiries from that market for British Columbia logs and timber have practically ceased. The improved situation in domestic market has made up in part for the falling off in export demand. The outlook in the Prairie Provinces has considerably improved and a material increase in shipments is looked for this year. There are also said to be distinct signs of a revival in the demand for British Columbia lumber in Eastern Canada.

CREATION OF CREDIT

During a period of depression much discussion is devoted to its causes and its cure and the most important field of speculation in this regard quite naturally has to do with monetary and banking affairs. The obvious reason for this is that money and banking enter into practically all business transactions. Monetary economics is not and can never be an exact science and divergent and even conflicting theories can be advanced with a considerable show of plausibility. A theory which in recent years has received a great deal of attention in political and other circles in Canada holds that banks could if they would greatly assist in rehabilitating business by expanding credit. They point out what is really a fact that bank deposits in the main are the result of making of loans

or investments by the banks themselves but in many cases the wholly unwarranted conclusion that the banks could and should create a much larger volume of deposits thereby increasing purchasing power. This is all on the theory back of the so called Social Credit Scheme. The truth of the matter is that banks can only safely increase their loans and investments on the one hand and their deposits on the other in proportion to the basic money supply and commercial banks have no influence in varying the volume of basic money. In the *Economist* for May 18 1935 there is an authoritative article on this subject of which the following is an abstract—

The theoretical economists claim that the banks can create the means for transacting business but the practical bankers are wont to declare that they merely issue receipts in the form of deposits for money actually deposited with them. The total volume of deposits in the commercial banks of any country, however, is greatly in excess of the amount of currency which is or ever has been in existence in that country. It is now generally acknowledged that bank deposits can originate in other ways than the actual deposit of legal tender and in fact the argument is carried to the extreme of thinking that banks can create money at the stroke of a pen at will and without cost or limit.

By what actual process then do bank deposits come into existence? There is an old saying that every loan creates a deposit. This is not quite literally true because an increase in loans accompanied by an equal decline in investments would have no effect upon total deposits. Deposit making is not confined to loans but may follow from an increase in investments or indeed from an increase in any asset of the bank. These deposits arise from the method of payment used by the bank—that is either a deposit in its own books to the credit of the person from whom the asset is acquired or the issuance of a cheque which is deposited either with itself or with some other bank. A net increase in assets thus automatically increases the total deposits of the banking system as a whole. This process may be carried on up to the limit of safety, which is traditionally and by experience fixed at a cash reserve ratio of between 10 and 12 per cent of deposit.

The real question is whether this familiar process by which deposits come into existence can rightly be called "creation" and if so what exactly is created. The banks clearly do not create deposits out of nothing nor form them without toil. The growth of deposits through loan investments or acquisition of other assets is essentially a process of exchange. When a borrower secures a loan of say \$10,000 from his bank, he becomes indebted to the bank for the amount of the loan but the bank also becomes indebted to him for the amount of the deposits created. The main difference lies in the fact that the bank's debt is transferable by cheque and acceptable in settlement of transactions; the borrower's debt is neither transferable nor generally acceptable. A similar operation takes place when the bank purchases a government bond or other gilt-edged security. In either case the bank has mobilized and not "created" wealth; it has acquired or taken a lien on a form of wealth which was not liquid and immediately spendable and given in exchange its own liability in the form of a deposit which is spendable. The bank has changed its assets from non-liquid assets to liquid assets. The bank is therefore to be acquitted of the charge of creating deposits out of thin air.

The claim as to the quality of the assets is limited by the bank's reserve ratio which the bank must necessarily maintain and by the amount of wealth which is available for sale or pledge to the banks. The importance of this latter fact is exemplified in the present situation of the banks in the United States. Their cash reserves are now almost negligible and in 1929 but the value of the wealth offered to them for mobilization is limited; the bank deposits have not increased in amount, like the same proportion.

With these limitations the banks are sometimes free to vary the total volume of deposits. If, in answer to the question how ever violent is the increase or decrease of bank deposits, synonymous with an increase or decrease in effective purchasing power. In the case of bank deposits there are no real assets already available for the payment of the loan; an increase in deposits does not necessarily lead to a similar increase in expenditures. But the facts do indicate that the volume of expenditures of bank deposits is not necessarily related either in time or in amount to the deposits. Between 1931 and

1932 for instance the total deposits increased by 18 per cent while current accounts fell by 31 per cent and clearing by 11.2 per cent. Between 1932 and 1933 total deposits increased by 7 per cent and current accounts by 17.8 per cent but bank clearings by only 0.7 per cent and between 1933 and 1934 when clearings increased by nearly 10 per cent both total deposits and current accounts fell a little. When the banks receive deposits they cannot determine whether the new deposits are to be current or long term and even if they could they would not know how to determine the volume of the transactions depending upon which both prices and production depend. The connection between bank deposits and the amount of total production is very indirect. During recent years there has been a substantial increase in bank deposits but the proportion of larger investment and enterprise loans has been practically nil. The relationship between volume of deposits and volume of production has been weaker than the increase has been the result of new loans but that because of the increase in deposits is unlikely to be effective in increasing when the results in the future are that the public is demanding automobiles and relatively ineffective or only slightly effective when it results from the initiation of the banks in buying securities.

CANADA AND THE UNITED STATES

In June representatives of the United States and the United States gathered at the Lawrence University in Canton, N.Y. under the auspices of the Carnegie Foundation for International Peace to discuss problems common to the two countries. The leading achievement of the conference was to centre the attention of the public to the United States in Canada. With the launch of the Institute of Politics at Williams town there is room for regular summer meetings of another international conference. The organizers hope that a further meeting may be held at Quebec in the near future. In 1927 in the course of the Lawrence House it became evident that Canadians are already keenly alive to many aspects of the relationship between the two countries and that it would be of real benefit to Canada to have a larger proportion of the people of the United States would have a better understanding of the problems of Canada and Americans in Canada.

TARIFFS

A number of individuals representing various organizations in the United States suggested that the United States has shown no disposition to question special tariff concessions within the Empire. It was their opinion however that the Canadian general tariff as compared with Canada's most favoured nation tariff was an unwarranted discrimination against the United States.

To this contention there were three replies from Canada. Since it is impossible for Canadians to market a wide variety of their products in the United States it is necessary for Canada to establish special trade relations with countries which are willing to make concessions on Canadian products. In the second place excessive tariffs on articles which have always come largely and almost exclusively from Canada amount to special discrimination against Canada. In the third place, there have been many years in which Canadian purchases from the United States have been close to double Canada's exports to the United States. With an unfavourable trade balance with the United States running into hundreds of millions of dollars per year, a country with the relatively small population of Canada has difficulty in making payments for these excessive imports and the maintenance of interest payments on the capital which has been borrowed in that country. In these circumstances Canadians expressed the belief that in time the United States would come to recognize that Canada deserved the preferential treatment which might well be accorded to a country's best customer.

CAPITAL MOVEMENT

A number of Canadians presented statistics to show that Canada is no longer a capital deficit country. On balance since 1926 Canada has exported rather than imported capital. On the whole it would seem unlikely that Canada will require large amounts of foreign capital in the near future.

PUBLIC OPINION

Mr John W. Dafoe of the Winnipeg Free

Press urged the value of free speech and free newspapers in the two countries as the only effective defense against Communism on the one hand and some form of nationalistic Fascism on the other. In both countries the desire for effective measures to deal with depression have tended to make many people interested in effective action rather than hard won freedom. He freely acknowledged the weaknesses and relative ineffectiveness of democracy, but urged that these weaknesses were infinitely preferable to an efficiency generated under the conditions of loss of freedom represented by either Communism or Fascism.

In spite of an exceptionally able paper advocating the development of the St. Lawrence Waterways, opinion as to the advantages and feasibility of this project seemed divided. The strongest favourable argument seemed to be that since the governments were seeking large public projects as a means of supplying employment the waterways themselves would be a more tangible asset in comparison with the expenditure involved than many of the other projects under consideration.

Plans were discussed to give Canada more time on international hook ups so that the large numbers of people in the United States could have a clearer view of Canadian problems.

CONCLUSIONS

In a summary of the results of the conference Mr Andre Siegfried the French observer stated that he had never been present at a gathering of this type where there was so great basic harmony. The differences between the two countries seemed superficial and matters of detail readily susceptible of arbitration. The whole discussion showed essential like mindedness and a common method of approach. With these observations as a background Mr Siegfried congratulated the peoples of North America upon being free from the fundamental antagonisms which characterized the national viewpoints of Europe.

(Concluded from page 503)

of next year air mail should be carried throughout Europe without extra charge.

The first of the meetings devoted to Distribution Costs was held under the chairmanship of M. Imule Bernheim (Brussels). Mr Jules Menckin (Great Britain), M. Leon Duvarche, Director of the International Wm. Office, Dr. Tidertius (Germany)

Dr. Tagliacarne (Italy), Professor Lumperg (Netherlands) and Mr Otto D. Schaefer (Germany) took part in the discussions which will be continued throughout the week.

In the late afternoon M. Faal the French Premier received the 1500 delegates representing 33 countries at the Ministry of Foreign Affairs.

nations learn that there is not one pattern of civilization only but many. When will they learn too that a dead level uniformity even in civilization would prove anathema to the world which is not under God's creation, uniformly the same? And when will they forget this tyranny of a single civilization spreading through the earth and levelling it with its deadliness? True toleration does not consist in its being restricted to one-self or to one's own nation or to one's civilization but being extended to others to other nations and to other civilizations. The sooner that Western people learn that civilization may be based in one case on the intellect and in another on emotion and feeling in one case on science and in another on philosophy and in one case on political ideals and in another on social ideals the better it is likely to prove for the progress of the world.

* * * * *

The League thus stands for toleration in the social and political domains and is one which ought to be given a chance to prove itself. We have asked for propaganda for it. In view of the suggestion and the problems confronting us the new fourth edition of *An Introduction to the Study of International Organisation* by Pitman B. Potter (Messrs. Appleton 15s) will be widely welcomed. The aim of the author is first to describe and analyse in the spirit of pure science the existing forms of procedure and the organs national and international employed for conducting and regulating international transactions and second to evaluate these facilities. Not what nations should do in view of their nature and needs and prior behaviour but what they are doing

and are likely to do in this direction, and why, forms the centre of the study. Nearly 300 pages are given to The League of Nations describing the structure, activities, and the effectiveness and value of the League. That is as it should be.

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The outstanding news of the month is that the Italo Ethiopian dispute shows no prospect of settlement. There has been no indication of any change of disposition on the part of Signor Mussolini. He is evidently against any solution of the dispute that does not place Ethiopia as completely under Italian domination as a war against her can make it. And this despite the Three Party Conference and the League. The repercussions of this war have been explained by General Smuts but there is no evidence that his prognostications have carried any weight with the great Italian leader. *Italy contra Mundi* seems to sum up the position admirably. The only fly in the ointment is this. What are likely to be the economic consequences of the war to Italy herself? The devaluation of the *lira* means the incapacity of Italy for a prolonged campaign without external aid. It thus can be secured—which seems not quite smooth sailing—it is certainly bound to be too costly. Even if successful the cost of the war can not by any means be recovered from Ethiopia. On Italy, therefore the effects are sure to be felt over a long period of time. Italy should think it over, but she is war mad and nothing is likely to stay her hand. Ethiopia has three things to her credit. Firstly, her cause is just secondly the world is wishing her success and thirdly a united nation is behind her back.

The Maynard Ganga Ram Prize

In 1925 the late Sir Ganga Ram Kt CIE MVO RE Lahore with that generosity for which he was so well known handed over to the Punjab Government a sum of Rs 25,000 for the endowment of a prize of the value of Rs 3,000 to be called the Maynard Ganga Ram Prize and to be awarded every three years for a discovery or an invention or a new practical method which will tend to increase agricultural production in the Punjab on a paying basis. The com-

petition is open to all throughout the world. Government servants are also eligible to compete for it. Entries for the next award were invited by the 31st December, 1933. None of the entries was considered to be of sufficient merit and it has been decided by the Managing Committee of the Prize that the award should be postponed for another year and that further entries should reach the Director of Agriculture Punjab Lahore on or before the 31st December, 1935.

Notes on Rural Life.

By "A Son of the Soil."

The appointment of Lord Linlithgow as the next Viceroy of India will be widely welcomed in India. Where agriculture is the occupation of nearly 80 per cent of the people, a rural minded Viceroy and a Viceroy too, who is not on the wrong side of forty five, is bound to prove helpful to a degree. The Viceroy designates interest in agriculture is deep and sincere. What is more he knows the Reform Act by heart as it were. More than all, his recent speeches show he is anxious to prove agreeable to India. These factors auger well for both the countries.

* * * * *

The Indian Reserve Bank Act provides for the creation of what may be called a rural wing. It is yet to be worked out. The news is going round that the subject is under consideration. In this connection attention may be drawn to the facilities for rural credit provided for by an amendment of the Australian Central Bank Act. The essence of the amendment is that it empowers the Bank to make advances to co operative associations or other prescribed bodies upon the security of primary produce, for one year certain. The aim of the amendment is to stimulate co operation amongst producers and to provide directly for the orderly marketing and if necessary the holding, of products for *longhand* sale purposes at the right time and to regulate the process of distribution throughout the year in the interests of both the producer and the consumer. This is bound to eliminate unnecessary handling after harvesting and avoidable surpluses on the part of producers. The point to note is that in the majority of cases in which advances have to be made, the borrowing authority—the association of grower—will have practically no assets beyond the commodity advanced against. Despite this the advance made is bound to be much more than what a bank would ordinarily advance to any producer direct. As many primary producers require advances to meet immediate payments due by them, the facility afforded by the amendment would seem to be highly valuable to the producers. For one thing they can avoid debt at high rates to meet the cost of harvesting and carrying on.

The death of Mr G. W. Russell, 'A E' of poetical fame, removes a great figure in the rural and literary world of Ireland. In the numerous press notices that have appeared about his life and labour none has missed his work for rural prosperity in Ireland. His writings in the *Irish Homestead* were read by countless thousands of his countrymen and even outsiders. His scheme of economic regeneration was largely shared by Sir Horace Plunkett and his coadjutors and their work will long be remembered in Ireland and beyond it. Mr Russell was a prolific writer, a fine poet and an ardent patriot. It is interesting to note that he was a student of Vedanta philosophy and had built up his life on the teachings of the *Upanishads* and the *Yoga Sutras of Patanjali*. A friend of his notes the fact that the idealism and discipline of these great works transformed him from a shy self doubting youth to the cheerful, courageous personage we certainly became.

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It is interesting to note the suggestion of Mr F. L. Brayne, Commissioner for Rural Reconstruction that the Press should be able to do much for getting support from the top for rural betterment. This is true. But the best way to attain this object is to take the Press into official confidence. Gatherings of Press reporters should be got up by governmental authorities and rural workers and they should be addressed as to the nature of the work to be done. The Press reporters would help to supply news to their respective papers and they would thus be enabled to make known the needs of the rural inhabitants in an intelligent and catching style. Mr Brayne has set a good example himself in personally addressing a gathering of Press correspondents at Simla and showing the way how such personal appeals ought to be made. An intelligent appreciation of the Press and its work is likely to enlist its sympathy in the great cause of rural improvement.

* * * * *

Sir R. K. Shannmugham Chetty, Dewan of Cochin put in a powerful plea for the extension of the co operative movement into the non-credit sphere and what is more important the application of the principle to rural

and economic life of the community as a whole. He hit the right nail on the head when he said that it was no use advancing money to agriculturists without providing ways and means for helping them to liquidate their debts. Organizations for the purchase of the requirements of the ryots and for marketing their products are necessary complements and corollaries for credit societies. He cited the remarkable instance of non credit activity from Australia where the orange growers earned huge profits by marketing their produce in London and Liverpool. As he said, the value of co operation in rural welfare and reconstruction cannot be over estimated.

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Sir Shanmugham Chetty spoke frankly and did not hide the weaker side of the movement. He is starting a Land Mortgage Bank for Cochin and it is to be an

integral part of the co-operative movement. This should help to cut the cancer of overdues off the movement and help it to prove a blessing to the rural population. What is required further is a scheme that would enable rural people to realize that the essence of co-operation consists in honest endeavour, honest coming together and honest business methods. The surplus of graduates now available should be distributed over the villages to educate the people and help them to realize that co operation is not merely obtaining credit but a way to live—a mode of life that would help them and the country as a whole. Train the graduates, organize them and turn them into a service corps for rural uplift. Here is work for a keen witted administrator like Sir Shanmugham Chetty. He will have done a great deal for the whole of India if he could demonstrate the possibility of a scheme like this in Cochin.

Educational Notes.

By B Venkatesa Sastry, B.A., B.T.

Some Problems of Education

The suitability or otherwise of any system of education to a country can be determined by the effect it produces on society. With the rapid increase in the number of universities in the early part of the present century in India and with the augmented enrolment in schools and colleges, came the natural over production of university graduates and the consequent lack of suitable employment for them. The impact of Western culture and institutions and the spread of enlightenment made people take to higher education in large numbers. In the earlier years, however the university graduates were in great demand the several Provinces and States in India were organizing their departments on the Western fashion, and thus the services in the Provinces and States afforded great attractions to the university men. But as time went on, these services reached the point of saturation and the members that could enter these services became less and less and the number of graduates turned out by these universities became out of proportion to the number that could enter the services. This proportion has gone on becoming worse and worse, year after year, and if this state of affairs is allowed to go on unchecked, very soon,

the problem will assume vast proportions and it may become too difficult to mend. But the signs are not wanting for better conditions, as proper plan of actions and means for remedying the situation are being set on foot. Attempts are being made for bringing about a change in the content of education, and also to absorb the unemployed graduates as far as possible, into the services. But it looks as if these simple remedies are merely for treating the symptoms rather than the root-causes of the malady. A proper plan of action, embracing the several aspects of the problem such as the development of industries, agriculture, trade and commerce reorientation of the educational policy, so as to include measures to divert those with special aptitudes to pursue proper courses of study and the inaugurating of measures and institutions which would make the educated people take an active interest in the national well being of the State, must be launched.

Speaking on the occasion of the Bombay University Convocation recently, His Excellency the Chancellor Lord Brabourne, the Governor of Bombay, referred to this important problem of unemployment and gave instructive suggestions for the future line

of action to be taken for minimising the evil of unemployment. The suggestions include the raising of the standards of the Degree Examinations so that they may mark the attainment of learning and scholarship and not merely going through a set of prescribed textbooks. The syllabus of the secondary education should be carefully revised so as to include the needs of the average boy about to enter life irrespective of whether he enters college or not and the prevention of waste of money on the part of the parent, the university and the government by making provision for apprenticing him to a proper trade or industry instead of going to the university to get an Arts degree.

Hereafter the universities should attempt to raise their standards of requirements for the examinations and their minimum entrance qualifications so that only those that have the necessary intellectual capacities to benefit by university education might enter the colleges. Employment Bureaus

must be started ensuring the co-operation of the industrial and commercial interests to take some interest in the careers of young men in the universities.

Secondary education should be placed on a sound footing so that the minimum of an all round knowledge which is necessary for the proper discharging of their duties as citizens might be given to every child born in the country.

Technological institutions for the training of those with proper aptitudes in the various trades and industries should be organized in suitable localities in the country with the co-operation of the existing industries. Philanthropy and patriotism should prompt those with means to endow institutions with large sums of money for the training of the youth of the country for various careers at the same time by utilizing the resources available in the country for national advancement.

World Trade.

Monetary Stabilization

Paris June 26 1935—Monetary stabilization which may easily prove to be the chief issue of the discussions was the subject of debate at yesterday's session of the World Congress of the International Chamber of Commerce.

In initiating the debate Sir Alan G. Anderson said that the strain on the gold bloc was increasing and the subject under discussion during the morning was how to ease this strain. Great Britain's point of view was outlined by Lord Luke of Pavenham, Chairman of the British National Committee, while an optimistic note was struck by Professor Charles Rist, Hon. Sub-Governor of the Bank of France. The problem of parties he stated was easier of solution to day owing to the fall in the general gold price level.

STERLING BASIS IMPOSSIBLE

Professor Gregory, a British delegate opening the debate said that first steps toward the solution of the world's economic problems must be currency stabilization. Responsible economists have abandoned the idea that internal stabilization of prices could be an adequate substitute and were concerned to promote stability of economic conditions.

The suggestion had been made that stabilization might take place on the basis of sterling but this was politically impossible since it was inconceivable that France or the United States would agree to hand over the direction of the future economic policy of their countries to the British Treasury or the Bank of England.

The stability and power of the sterling area was perhaps not so great as appeared at first sight since there was always the danger that the Scandinavian countries might be dissatisfied with the monetary manipulations of the British authorities while the countries of the British Empire might not remain permanently content with the relations between their currencies and sterling.

There only remained therefore the possibility of stabilization on gold but it had been argued that wholesale prices must rise first. In practice the price level of 1929 was as irrelevant to day as the price level of 1914 was irrelevant to the discussions of 1920. There remained one serious difficulty. The British Government could not be expected to commit itself to a policy of currency stabilization prior to the General Election,

which, however, could not take place later than nine months hence.

The President of the United States had still the power to devalue the American currency by a further 10 per cent, and it was impossible to arrive at an international stabilization agreement while one of the parties had an ace up its sleeve.

France could not be expected to envisage devaluation if such a policy would result in internal revolution but if devaluation was to come it would obviously be much easier if carried out in connection with a general international currency agreement. The opening of negotiations for such an agreement was of immediate and vital importance.

PARITIES PROBLEM

Professor Charles Rist, Hon. Sub-Governor of the Bank of France, stated that the problem of parities was easier to solve to-day than it had been immediately after the war. The general gold price level had fallen to that of 1895 and could be considered as normal. In these circumstances the fixation of new parities in the immediate neighbourhood of their present levels at any rate for the three large currency groups (United States, British Empire and the Gold Bloc) appeared possible.

He rejected the idea of fixing parities on gold purchasing power, this being impracticable. Purchasing power could only be determined by goods and parities fixed on purchasing power would take no account of capital movements. If slight modifications were to be made in the existing parities, the new parities should take into account the degree of indebtedness of the respective States as the debt problem in reality dominated the question of monetary parities.

BRITISH POLICY

Lord Luke of Pavenham, as Chairman of the British National Committee, made a statement on British monetary policy. His Majesty's Government had on more than one occasion publicly expressed the opinion that the ultimate aim of monetary policy should be the restoration of a satisfactory international monetary standard, but that certain conditions must be fulfilled before stabilization of the pound could be considered practicable.

Chief among these were a rise in commodity prices, a lowering of existing barriers to international trade, and the finding of some way to avoid fluctuations in the

purchasing power of gold arising from monetary causes.

Lord Luke said that a country so dependent on the volume of world trade as is the United Kingdom should be the last to choose a policy of unstable exchange rates but that British observers were left with the uncomfortable feeling that to peg their currency to the dollar or to gold would nullify stability and commit them to difficulties which at present they escaped. In particular, any undertaking to stabilize sterling on gold would make it necessary at times to restrict credit and so to reverse the cheap money policy which had contributed so largely to internal recovery. So long as the obstacles to an immediate compensating expansion in British exports were so great they must hesitate to recommend such a policy.

There must be recognition of the fundamental principle of international trade, that goods and services should be permitted to adjust international indebtedness. Discussions of stabilization and the demobilization of excessive trade barriers should march hand in hand.

Herr O. C. Fischer (Germany) emphasized his agreement with preceding speakers as to the need for a speedy restoration of currency stability. Opposition to stabilization was due to the export advantages which fluctuating currency countries thought they could thereby attain. But an account of profits and losses caused by instability would show a heavy balance on the losses side.

The restless migrations of large capital balances were caused by currency uncertainty and in turn provoked them. Many of the difficulties of to-day were due to absence of international confidence and the promotion of practical co-operation among nations as an essential factor in any practical schemes for economic and financial reconstruction was one of the chief tasks of this Congress and the ICC in general.

Mr. Falter (Poland) pointed out that stabilization must be accompanied by the complete abolition of exchange restrictions, without which international lending essential to recovery could not be resumed.

The discussions were continued in the afternoon under the chairmanship of M. Robert Masson, Director of the Crédit Lyonnais.

Mr. Suga of Japan said that once a settlement of the relations between the three main instruments of exchange in the world

—the dollar, the pound and the Gold Bloc currencies—had been achieved all the other currencies would fall into line and find their natural stabilization point.

Mr Scholfield, speaking for the Federation of Master Cotton Spinners of Great Britain, said that stabilization might be possible when restoration of the level of wholesale commodity prices had been achieved.

In the last few years adherence by many countries to the gold standard while gold doubled in value in terms of commodities, had made more certain the fall in commodity prices, and it was doubtful whether stabilization would increase the price level to day.

The total supply of gold was inadequate and might in the future be even more so. Nor could it be assumed that sterilization of gold would cease.

Mr Arthur Guinness, speaking for the British National Committee, said that Great Britain had taken an active part in stimulating international trade by reducing interest rates and thus helping debtors. The important fact was often lost sight of that it was not the total capital value of a debt which represented its burden on the debtor but the annual payments necessary to its service.

CHEAP MONEY

International trade depended on healthy internal trade and here, too, the cheap money policy of the British Government had been of great value.

Professor Gregory said that the main obstacle to the rise of internal raw material prices was that industrial nations were trying to turn themselves back into agricultural

nations. Every Minister of Finance had as one of his main instruments of propaganda the argument that home agriculture was at the mercy of its competitors so long as the rates of exchange of the Argentine and Canada were falling, and no discussions between industrial and agricultural States could bear fruit till the question of stabilization had been got out of the way.

FIRST STEP

Relations between Great Britain and the United States were being poisoned by the suspicion felt in wide circles in America that Britain was using a falling exchange and the resources of the Exchange Equalization Account to depreciate sterling to a level with which the dollar could not compete. A beginning must be made somewhere in the effort to remove the obstacles to world recovery, and stabilization should be the first step. Its opponents were often in the position of those who kept repeating *Jam yes terday, jam to morrow never jam to day*.

CLEARING AGREEMENTS

Under the chairmanship of M V Pospisil, President of the Mixed Committee of the League of Nations for the Study of Clearing Agreements the meeting went on to consider the causes and effects of foreign exchange restrictions, the question of clearing agreements and their repercussion on national economies and on international trade, and the problems of clearing agreements and frozen credits.

M V Pospisil made a statement on the report on clearing agreements published by the League of Nations.

At the recent Session of the Governing Body of the I.L.O., Mr Richardson Saunders, Assistant to the United States Secretary for Labour, quoted figures compiled by the Department of Labour showing an increase in employment and purchasing power since the adoption of recovery measures in the United States of America. According to the monthly survey of the Department, covering employment and pay rolls in over a hundred industries, some 2,750,000 men and women have been restored to employment since March 1933, and weekly pay rolls have increased by 92 million dollars. In addition, approximately 2,546,000 persons were engaged in public employment work in February. "Legisla-

tion now in the making," said Mr Saunders, "will set up a certain definite security for men, women and children by providing unemployment insurance, old age pensions, aid to crippled and dependent children and public health service. Mr Roosevelt may be right or wrong in his measures but that he has manfully battled for employment for the unemployed none can deny. He will go down in history as a heroic fighter in favour of the unemployed."

The heart of a flirt is a rose from which each lover bears away a leaf, the thorns fall to the husband's share.

Common sense is not so common.

Economics of Sugar Industry.

By "Mercantilist"

The Ninth Annual Congress of the South African Sugar Technologists Association was held at the Kenilworth Tea Room Beach Durban from April 9th to the 12th inclusive. It is admittedly one of the best sugar conferences ever held in Durban the attendance being extra large and the papers of an outstanding character. Subjects of the greatest importance to the industry were covered and were keenly debated each day. The paper read by Mr C T Rhode local engineer Messrs C C Wakefield & Co Ltd of London and the rest of the world on The Lubrication of Cane Sugar Machinery must have been amazingly interesting for those not up to date on the matter who have gone carefully through the twelve closely printed pages which the paper fills in the April 30th issue of *The South African Sugar Journal*. One is almost stunned by being apologized to by the lecturer for the superficial manner in which certain details have been touched upon and would crave the indulgence of the audience in this respect. Now one knows why oiling or greasing have given way to the term lubrication. The contents of the most suspicious looking sausage ever known must be child's play to identify compared with the ingredients of modern lubricating material for first class machinery on a large scale. Congratulations to Mr Rhodes on his knowledge of the subject and the way he has conveyed it to paper.

The International Sugar Journal of London starts its review of a report of D F J Lynch of Hawaii on the Utilization of Bagasse Cellulose for the Production of Rayon Cellulose by pointing out that producers of absorbent cellulose and the viscose rayon manufacturers are taking each year larger amounts of high grade wood pulp but cost and also the rapid consumption of forest woods is causing increased anxiety every year. Among other articles that have been trotted out as if something new is bagasse but there is nothing new about that. Forty if not fifty years ago bagasse was turned into paper pulp i.e. one form of cellulose only to find the supply would be uncertain if not insufficient at the best of times and so the idea was dropped. The writer was in Trinidad when the big

noise was made on a recent batch of experiments but it quietly passed off like smoke. Our London contemporary also realizes this trouble for it says: "One product that meets the requirements mentioned is bagasse. In the territory of Hawaii alone there are collected about 1 000 000 tons of bagasse each year but bagasse is not a waste product as it finds use as a low grade fuel a ton being roughly reckoned as equivalent to a barrel (42 gallons) or a barrel and a half of fuel oil."

Hawaii's crop approaches 900 000 tons or has done so. On this basis a world output of even 17 000 000 tons of cane sugar should yield nearly 20 000 000 tons of bagasse. Does all of this go as fuel? Cannot any quantities reliably large and regularly available be looked for to help in paper making if not for rayon production because if it could then more timber now used for paper making would be available for rayon?

PROSPECTS OF INDIAN INDUSTRY

The progress and prospects of the Indian Sugar Industry was dilated upon by Mr B M Birla in his presidential address to the Third Annual General Meeting of the Indian Sugar Mills Association held on August 20 at Delhi. Referring first to the progress of the industry, he said:

The manufacture of sugar is now the second largest industry of our country. The total value of sugar produced in the country (including *gur*) approximated this year to Rs 43 crores. The output of factory made sugar in India has risen from 228 000 tons in 1931-32 to over 600 000 tons in 1934-35. One encouraging aspect of the growth of this industry has been that it has already reduced to the minimum the dependence of India on foreign sources for its requirements of sugar. The present annual requirement of refined sugar in India is estimated at about 900 000 tons. India produced about 800 000 tons of sugar in 1934-35 including *khand sari* sugar. Thus a very small margin is left for imported sugar which also is expected to disappear during the next season. What is more it looks as if we will have to explore new markets for our surplus sugar unless the consumption within the country increases materially.

Empire Exhibition · South Africa, 1936.

John sh rg So th Afr ca 1 7 st 11 193 —
Unparalleled preparations are being made for the exhibition about South Africa for the Empire Exhibition which is to take place in 1936 at Johannesburg to-day considered to be the most prosperous and probably also the fastest growing city in the world on account of the Gold Boom which has raised the annual output of the mines from £5,000,000 to £8,000,000.

Negotiations for the forthcoming play "back as far as 1918 and for a year the preliminary has been under way. Such is the scale on which the Exhibition is to be created by his authorities as The Bazaar Theatre since Wembley has been planned that although the gates will not open till September 1976 a large staff occupy the three buildings already in occupation and a force of black labourers are as good as employed on the first earthworks.

The general management is now in the hands of Mr B B Bellas, the well known specialist on this subject from the Federation of British Industries.

Over a hundred acres of ground belong to the Watersand Agricultural Society and produced by the annual Easter Show have been reserved for the Empire Exhibition garden. At least three acres will be under rotation.

Publicity on a world wide scale - the new
organized in collaboration with the South African
Government Railway

No fewer than 20 000 000 pa of propaganda
are to progress of being issued

Assurances of support have been received from every part of the British Empire and ample funds are available, including a grant of £50 000 from the South African Government and £50 000 from the City of Johannesburg and further large amounts from public and private authorities.

With a single week of the announcement that space was available an acre and a half was booked by South African manufacturers and a similar response has been met with in other parts of the Empire close on 500 firms having already established contact with the London office.

Applications for accommodation continue to stream in at Milner Park, Johannesburg.

Tangible evidence of the commencement of work on the demolition of several shabby old buildings of corrugated iron dating from the early days of the Watersand Agricultural Society. On the site of the two of the first heavy machinery hall designed for permanent erection will begin to re-erect within a few days. Excavation has also started for the artificial lake which will be fed by a artificial waterfall and surrounded by a unique South African rock garden including many rare specimens of Cape flora.

T So if Airca s i t eu hed fort cultural
expert Mr T Trif i ho f d out th re owned
richard at Wembley 194-? and Mr
Wck late of the Go ernment ervce lo as
re pors ble fr plannng the mp es e grounds
at the Union Government buildings at Pretoria

Mr Herbert Baker's masterpiece has been secured to supercede the lay out of the entire Exhibition grounds.

Mr Fr h will develop a great rock garden on
e Miner Park hill de

Ja ara da the beaut ful blue bl s omed tree
at are 1 eat re of the street of Pret ra and
ther South A can te of ths cou tr v l be
o anted all o er the ground and a spec al featur
ll be the presence of a long Man Avenue to b
l minated at n ght which l lead up to a
00 foot to er the central point of the Exh b on
Barbaric nat e a dam es pageants o
p to esque African h tor v l the Portu g e
C qu stadore earl Boer settler fearsome Zul
h ef and other notab e figure ll be enacted
the va t entral op n ar Aud tor um de ned
t onta n 12 000 seats n the stand and a total
t 20 000 when ts gra s floor ncluded

Planting the trees during the rains and drainage and other important work has already been started.

The City of Johannesburg is collaborating extensively in all these tasks. Apart from the numerous industrial and pleasure pavilion Great Britain and the other Dominions and Colonies from various parts of South Africa are designed the various structures. Important undertakings like the Railway Administration the Iron and Steel Works of Pretoria the Transvaal Chamber of Mines which represent the gold industry etc. etc. are having the iron buildings many of the dead buildings unique.

Three miles of bus services are being operated on the ground themselves. Concurrently with the Empire Exhibition a long series of important conferences will be held for the preparation are now being made. They close —

The S A Assoc at on for the Ad ancement of
Sc ences Annual Congress The Emp re Metal
urg cal Congress The Emp re C l Av at on
Conference The Emp re Town Plann g C nfe
rence The Emp r Chld and Family Welfare
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and the Emp re Conference of Citrus Gro ng

Apart from these a number of other interesting displays such as the Empire Photographic Exhibition an Empire Display for the Blind (including St Dunstons) an Empire Philatelic display and other Empire Exhibitions will take place from time to time.

Generally the view is held in South Africa that with present unparalleled growth in the zone of Johannesburg, one possesses nearly half a million people in the centre of the Rand gold district which has nearly twice that population in the time of the first coming event is particularly evident.

The policy which the authorities are maintaining to make the Empire Exhibition more than a merely localised affair even though Johannesburg will simultaneously celebrate its 50th anniversary.

Topics in the Journals.

Civilization on Trial.

Unless men can get outside their national limitations and unless they can tackle economic and financial and monetary problems with something bigger than their national equipment, I think it is not a question of centuries but decades before we see our civilization going down — says H. G. Wells, in the article we reproduce below from the latest issue of the American quarterly, *Foreign Affairs*. In Fascism and Nazism, Wells sees nothing but excitement. Marxism to him is one of the most pernicious things that ever happened to humanity. He thinks civilization can be saved only if it can invent a successful form of peace. The following passage sums up his views —

Unless men can get outside their national limitations and unless they can tackle economic and financial and monetary problems with something bigger than their national equipment I think it is not a question of centuries but of decades before one sees our civilization going down. And it will not be for the first time.

The problem is to make peace successful. If peace is not successful if war intervenes it will be due entirely to the fact that under existing conditions we are not able to utilize our surplus energy to employ our idle hands in any other way to make life satisfactory and interesting. Failing the release of energy that would come from making peace successful we will collapse into war. The way to get rid of war is not by leagues. The energies for war go on accumulating just the same.

The only thing to do is to invent a successful form of peace. That means a new sort of life for human beings. The choice before us is war or a new world—a rational liberal collectivist world with an ever rising standard of life and an ever bolder collective enterprise in science in art in every department of living. Because so far we have not shown the intellectual power and vigour to take the higher more difficult way because we have not had sense enough to discover what to do with our accumulation of social energy is why at the present time we are drifting and sliding back towards destruction. If humanity fails it will fail for the lack of organized mental effort and for no other reason.

Rural Improvement in Bombay

One of the features of the Village Improvement Scheme inaugurated by Sir Frederick Sykes some two years ago was a Shield to be given annually to the village in each Division in the Presidency which over a period of a year had done best in the matter of village improvement. The award was to be made on the following considerations — (1) Continuity of effort and per-

severance. The village which makes steady effort to improve is deserving of more credit than the village which shows results of a transient or spasmodic character. (2) Self help. The village which introduces improvements by its own efforts and relying on its own resources is more deserving than one which relies on the help of Government or Local Bodies. A village panchayat will be a form of self help. (3) Results. Good results will naturally follow from continuity of effort and self reliance but effort will be given greater weight than results. So far as the Central Division is concerned the Government of Bombay have decided to give the Sir Frederick Sykes Village Improvement Shield for 1934-35 to Mulegaon a village in Sholapur district which has done excellent and continuous work. The Collector of Sholapur will make a public presentation of the Shield which will be kept at the Taluka Kacheri in a prominent position and will be held by the village till 31st March 1936. Mulegaon is a small village with a population of 791 situated 5 miles to the East of Sholapur. It was one of the six villages chosen by the Village Improvement Committee in 1931 for intensive work. The work done in 1934-35 to some extent forms the continuation of the programme originated in 1931. Before 1934-35 the villagers in the area had shown much interest in improvement work and had formed prudently a Bunding Society and a Village Panchayat and dug pits outside the village for manure. The work in 1934-35 was more intensive. Roads have been constructed or repaired according to the layout of the Consulting Surveyor. A Panchayat Office has been built. The villagers have helped to conduct successfully an annual Agricultural Cattle and Village Improvement Show, started a Reading Room, attended to fove ventilation and drainage, planted trees, tried experiments at poultry farming, have done sulphur dusting and seed grading and several other things including provision for maternity assistance, village lighting, water supply for untouchables etc. The Commissioner Central Division thinks that the example of this village will have far reaching effects.

Anyone who is entering or is connected with or is interested in the field of journalism will want to read *The Reporter and the Net* by Philip W. Porter and Norval Neil Luxon. In this book a city editor and a professor of journalism collaborate on an up-to-date volume that emphasizes news gathering. (10 6)

In a new revised edition of his book *The Last of Free Africa* Gordon MacCreagh explorer and authority on Abyssinia brings the work up-to-date making it one of the best books available in describing Abyssinia and explaining its present plight. (Messrs. Appleton 15s)

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Educated Unemployment in India: Its Causes and Cure.

By Dr. Lanka Sundaram, M A, Ph D (London)

The problem of educated unemployment has assumed such vast proportions that it has attained the importance of a vital national question. To the Government the results of educated unemployment have indicated the recrudescence of terrorist activity in at least two provinces of India with added dangerous possibilities to the entire country. To the politician the progressively increasing horde of educated youngmen who are unable to elc out a decent livelihood is a nightmare since his fertile brain and ingenuity are unable to produce a plan of action which is sure to assuage the hardships experienced by impressionable youths who alone can be surely expected to rally to his banner. To the industrialist and the prospective employer cheap intellectual labour is a problem by itself and at every stage dissatisfied labour becomes uneconomic. To the nation at large an unemployed or unemployable youth is at once a difficult charge and a menace.

The unemployed is one who is down upon his luck. All his equipment training initiative and steadfastness of a sort but is unable to find his level in the speedily shifting life of the nation. Of all the categories of the educated young people of the country the lot of the genuinely unemployed is the hardest. For no fault of his he is thrown on the streets. Even underselling does not help his cause. He becomes a social outcast. On the contrary, the position of the unemployable is all the more pitiable. In every way he is an intellectual social and economic misfit. His education is conspicuous for its incompleteness and harking character. In any case he cannot deliver the goods. As such he becomes a menace

to the community. It is the problem of the unemployable which is the greatest difficulty facing the community in its endeavour to adjust indigenous talent to national needs.

If there is a problem of the unemployable in India to day it is entirely due to the defective system of education which is being imparted in the various categories of educational institutions available in the land. Ever since Lord Macaulay wrote his famous dispatch on education nearly a hundred years ago the question of sizing up local talent through the medium of a foreign tongue has been brought to the surface. For good or for ill and for ill in the present circumstances English is bound to remain the *lingua franca* of India. But mere abuse of an inexorable fact does not take us far in our approach to the question of education in relationship to the problem of unemployment. Apart from this fundamental intrinsic handicap which is thwarting the ambitions of hundreds of thousands of young folk in our country in their never ceasing quest for employment, there are numerous other structural difficulties in the edifice of national education now in vogue. Perhaps it is not correct to speak of a national education but for the fugitive efforts of the past thirty years during which period spasmodic manifestations of a truly national education are to be seen in various parts of the country, only to be wiped out at the merest touch of unfriendly winds.

EDUCATION IN INDIA

The total budget of the country for purposes of education is according to the figures for 1932 twenty seven crores of rupees. Of this the Government both at the Centre and in the Provinces contri-

butes twelve and a half crores of rupees i.e., less than fifty per cent. The local boards and other self governing institutions contribute from their own funds some four and a half crores of rupees while the proceeds from the fees levied from the pupils bring in another six crores. The balance of four crores still left out is made up by miscellaneous contributions such as foundations bequests and others. It must be noted here that the Government's contribution does not give any more laudable figure than a *per capita* distribution of six annas per year. On the contrary, the London County Council spends anything between twelve to thirteen pounds upon each pupil brought into the portals of its educational institutions. But here we are concerned not with the disparity between the educational and say, the military budgets of the Government of India but with the specific question of the present state of the educated unemployed.

According to the latest quinquennial report of the Educational Commissioner with the Government of India, the total number of pupils in all the educational institutions of the country is 12,766,537. This figure is made up as follows—

Primary Stage	10 532,358
Middle Stage	907 180
Secondary Stage	313 713
Collegiate Stage—	
Professional	18 302
Arts & Sciences	79 139

It is to be noted here that these figures do not in themselves prove the fact that nearly thirteen million pupils are leaving the educational institutions in a measurable manner. They only indicate the point that at a given date when the census was taken so many pupils were found to be on the rolls of the various types of the educational institutions. Modest undoubtedly these figures are a close examination would convince us that the greatest defect with our system of education is the colossal problem of wastage which is rendering hundreds of thousands of educated or partially educated people utterly unfit for national service by virtue of the incomplete education they are given or the complete education they are denied, according to the particular view point of a student of this interesting question.

As Sir George Anderson put it. These illustrations of unregulated waste show that the path of an educational reformer is beset by many difficulties. A reform which may

appear obvious is not necessarily easy of attainment. Education is an integral part of family and national life, it is linked to and bound by, forces over which it has little or no control. Political and communal considerations vested interests, intense and often misguided loyalties, poverty, disease social customs religious controversy—all stand in the way. But in spite of these real difficulties without the removal of which educational reform is not possible in India the fact remains that wastage in our educational system turns out numerous categories of unemployables, which are our chief anxiety at the present moment. One in a dozen from the primary stage reaches the middle school stage. If this is pardonable in the circumstances in which India is situated at the present day—what with the depressing effect of poverty and the lack of general compulsion on the part of the Education Authority, an examination of the statistics of pupils in other and higher institutions is equally deplorable. One in three only reach the high school stage from the middle schools. Again, one in three from the high schools enter the colleges, either the professional or the arts and sciences colleges. Subject to the warning issued above that these figures are neither comprehensive nor fully interpretative, this analysis is enough to indicate the magnitude of educational wastage which is at the bottom of all the present troubles connected with the huge number of educated unemployables who are now working up a national crisis of first class importance.

Nor does the figure for professional education give us any hope for smug satisfaction. Below are noted some of the divisions into which available statistics about the pupils in professional institutions can be classified.

Arts & Sciences	79,139
Professional	18 302
Legal	7 767
Medical	4,207
Veterinary	489
Engineering	2 171
Mining	39
Commerce	808
Education	1 305
Military Academy	24

The noteworthy features of the above Table are as follows—Not all the pupils in any of the above mentioned types of professional institutions pass out of their portals. For example only fifty two per cent in the law

colleges and forty per cent of the medical institutions pass out while a goodly moiety of the balance actually drop out on the way without ever completing their education. It is no doubt a matter for satisfaction that compared with the *quinquennium* 1922-1927 the number of pupils in the law colleges of India has gone down by 916 while that in the medical colleges gone up by 365 and that the number of lady students in the teaching colleges gone up from 17 to 71. Otherwise there is not much progression as regards the proper alignment of the professional courses available in the Universities commensurate to the new needs of the country. Hazarding a calculation as regards to the problem of wastage in the Universities not to speak of the colossal wastage in the primary, middle and secondary stages of a pupil's education no less than twenty five per cent constitute the laggards behind of our colleges and other higher educational institutions. But this figure must be taken with reserve since there is no known possibility for accurate statistics being brought to our rescue.

Turning to another smaller though important phase of education in India the following figures are equally instructive —

VOCATIONAL EDUCATION

Art Schools	2,454 pupils
Technical Crafts & Industrial Schools	483 pupils
Do in British Schools & Colleges	318 pupils
Schools of Commerce	6,246 pupils

Even here there is not much scope for congratulation. No doubt the number of pupils in art schools and in schools of commerce is not altogether insignificant but what is the use of immature young men who take a certificate in model drawing, water colour painting, commercial geography and shorthand and typewriting when industries and other avenue for artisan work are clamouring for the right type of youngmen and youngwomen?

Another yet important cross section of our present system of education is supplied by the following figures —

CLERICAL AND COMMUNAL EDUCATION

Chief's Colleges	338
For Jean Schools	57,948
Muslims	3,408,758
Depressed Classes	1,08,619
Criminal Tribes	8,695
Boy Scouts	189,751
Girl Guides	29,682

Except for the last two categories the figures for the above mentioned types of pupils are included in the general figure of thirteen million pupils in all the educational institutions of India. But what use is there for us to note the results achieved by the pupils passing out of the Chiefs' Colleges, or those of European Schools in the case of which guaranteed appointments are available to a greater extent than those available for either Muslims or Depressed Classes? What in fact is the net result achieved by the education of the pupils of the Depressed Classes not to speak of the more urgent question connected with the education of the Criminal Tribes not ascertainable in the records of the Education Authority of the country. It is one connected with teaching the pupil to fix his signature in his own language to an IOU. It is not a matter at all for self congratulation. Otherwise nothing in the hope of any actual progression toward employability is available in the statistical literature of the Government of India. What the Hartog Committee called 'appalling' wastage is the prevailing genus of Indian education which is taking a heavy toll upon imprecious and useless young folk in the country alongside of the hopelessly inadequate and imperfect provision which is now available for useful professional or vocational education.

THE CURE OF UNEMPLOYMENT

To attack any problem adequate data is absolutely essential. We know that there are six million unemployed in Germany, a crore and odd in the U.S.A., some three million in Great Britain and in every case the governments of the countries concerned maintain adequately specialized staffs to maintain a record of the lapses of citizens into a state of unemployment. What with the provision for employment exchanges, the dole and efficient Trade Unions it is perfectly simple for any Western country to maintain an accurate cross section of the national life indicating the oscillations of employment or the lack of it from time to time. Numerous measures are being taken largely as a result of the inspiration supplied by the International Labour Organization to combat the progressively increasing evil of unemployment in all the civilized states in the world. Reduction of hours of work, expansion of public work schemes, a more rational redistribution of employment as between prosperous and contracting industries

and a host of other measures are being taken to obviate the evils of unemployment in various European and American countries.

Unfortunately for India no such activity exists on the part of the Government of India. It was only a guess which was made at the World Population Conference held at Geneva in 1927 when the total number of unemployed in India was put down as six crores of people who are starving without half a meal a day. But not even the most fragmentary information is available as to the extent of unemployment among educated young persons in India at the present day. A survey of educated unemployment in the City of Madras was conducted by some of the educated unemployed but their labours are at best rudimentary and cannot be deemed to be of any scientific value. A Conference of Educated Unemployed was held in the South of India under the presidency of Mr S Satyamurthi M.L.A. but besides speeches and resolutions nothing tangible was achieved as regards a thorough examination of the question. The Committee on educated unemployment appointed by the Government of the U.P. and ably presided over by the Rt Honble Sir Tej Bahadur Sapru is the only semi government body which is asked to go into this question with special reference to the Province concerned. Even here certain useful information which is necessary for any thorough inquiry is not available. And until its recommendations come out in the immediate future we cannot afford to dogmatise about the value of the Sapru Committee. Meanwhile the Government of Madras largely through the anxiety of the present Bobbili Ministry have made a beginning about the inauguration of an Economic Council for the presidency. This Council is expected to do something to tackle the question of educated unemployed in the Madras Presidency. But all these and many other fragmentary efforts do not at all touch the fringe of the problem.

The greatest necessity at the present moment is a survey conducted by the Government of India on a comprehensive basis by means of a Commission on which non official opinion is fully represented. What the Calcutta University Commission has achieved in 1917 can be easily achieved by a Commission of authority in regard to the delimitation of the question of educated unemployment in the country and in further regard to the methods to be adopted to

wards tackling the problem adequately. A greater responsibility rests on the shoulders of the Inter Universities Board who can help the carrying out of such an inquiry. There are at present some six Universities in India which maintain Unemployment Bureaux but these bureaux are existing only on paper. A very useful preliminary to the government inquiry advocated above can be in the nature of the Universities Bureaux calling up registers of their past alumni and determining the number of unemployed at any particular moment. Without such an inquiry as the one advocated above nothing can be done towards properly and adequately attacking the question. The sooner an inquiry of this type is undertaken the better it is for all the parties concerned. Other wise dire consequences are sure to follow.

Even before such an inquiry is instituted no one need doubt the utility of a complete deurbanization of our national education about which there is already such a convincing public opinion. Such a rural bias presupposes a complete negating of the job nexus which our certificates and degrees are supposed to possess. If this quill driver mania is eschewed by our educated and half educated young folk a tremendous leeway would have been gained ere long. Consequent on the attainment of such a new educational psychosis there is the greatest likelihood of at least two educated young men and women being absorbed by each of the seven lakhs of Indian villages. It is the village which is crying aloud for light. The villager is so steeped in poverty ignorance and wretchedness that any assistance which is offered freely and willingly by the educated youngmen and youngwomen of the land would be welcomed with open arms. There is a lot of discussion at present in India whether the two youngmen or young women can do much in each village. In fact people are sceptic as to the type of work available for them as well as to the results to be achieved by them when they voluntarily billet themselves upon the villagers. Actually these sceptics doubt the desirability of putting this proposal into operation. But any right thinking person would come to the conclusion that such a diffusion of the educated unemployed among the villages of India is fraught with momentous consequences for the well being of the nation. They are bound to be the journey men to a progressive India in the altered

economy of which they are certain to be unquestioning lieutenants for the general good. When once a concerted drive is made on a comprehensive national basis for the placing of two educated youngmen or young women in each village, reconstruction of the countryside would be greatly facilitated. As for the economic factor, there cannot be the least doubt that residents of each village would be hosts to such welcome guests, besides offering them pocket-money of some sort. In any case, such a new drive on the part of the nation is bound to neutralize the menace of chronic unemployment among educated young people who are bound to become restive as a result of despair and who are, after a certain period of time, certain to explode our present equanimity. Such a drive is bound to relieve some ten lakhs of people from the ranks of the unemployed.

In an equal measure any attempt at harmonising commercial education of the type available in our institutions with the needs of the merchant community is sure to yield further beneficial results. What use is there for double-entry and trial balance methods, as are taught in the commercial classes of secondary or college departments to the average *hania* whose methods are unique in themselves? In the Andhra University *Hindi* is made a commercial language for the B.Com. students. I am convinced that such an emphasis on a foreign language, since undoubtedly it is a foreign language for the Andhras, is not of much use to the graduates, who are certain to benefit much from a course of instruction in the indigenous methods of book-keeping or business transactions among the local merchants. Such is the prevailing grip of the linguistic completeness of life in the various provinces of India. Without minimising the necessity for diffusion of business all over the country, any concentrated attempt to use local talent locally, as between the various linguistic provinces of India, is bound to eliminate wastage and neutralize the evils of duplication of uniform courses of education in the different universities of the country. In this manner, a further fillip to employment is bound to be given and as a consequence another four or five lakhs of youngmen and youngwomen are sure to be absorbed by the industries and commerce available at the present moment.

In my opinion which was formed after

careful and long personal inquiry, the question of the education of Indians overseas ought to be tackled in such a manner as to afford increasing possibilities for a good number of educated youngmen and youngwomen being sent out in the nation's cause and with a guaranteed economic existence. There are to-day, *i.e.*, after including Burma into our estimates, some forty-seven lakhs of Indian nationals resident either temporarily or permanently in various parts of the world. No doubt the questions facing the permanently resident communities in such countries as the Union of South Africa, the principalities of East Africa, British Guiana, Trinidad, Mauritius and Fiji are peculiar in themselves. But the point has been insisted upon for recognition by our nationals in those countries that an adequately equipped corps of Indian educators is necessary if they are to retain their connection with the motherland in the only intelligent and patriotic manner possible,—that of the inheritors of a great civilization and destiny. Denationalization is the besetting sin of our brethren overseas, as the *Pinobandhu* Andrews is never tired of reiterating. But a special equipment is necessary on the part of the would-be emigrant educator from India before he can take his proper place in any of the countries mentioned above where the indigenous civilization standards and methods are different from our own. Still, an appreciable number of properly educated and trained youngmen and youngwomen from India would be received with gratitude by our nationals in those lands, thus serving the double purpose of upliftment of the colonial community and the relief of unemployment in the home-country.

But when we turn to the question of the educational needs of the Indian communities in countries nearer home such as Ceylon, Malaya and Burma, this question comes to the forefront of practical politics. From my own personal inquiries in these lands, I have come to the conclusion that the twenty-five lakhs of our nationals resident therein are to-day starved of education of the right and national type. Most of the people at least the vast majority of our nationals, are employed as labourers on the tea and rubber estates of Ceylon and Malaya and to a smaller extent in Burma. In Burma, our labour is mostly concentrated in urban occupations, with the partial exception of sea-and operations in the countryside, particularly

during the harvesting season. As a matter of fact in Ceylon and Malaya the estate proprietor is under law bound to give the progeny of the Indian immigrant education of a recognized type. But actually even the most zealous estate proprietor is handicapped with a lack of suitable teachers of either sex. But the estate schools must be carried on and are carried on and in the circumstances yield most deplorable results. What happens is that the *kangam* or the *kram*, the labour recruiter and the estate clerk respectively, who are the only people who can be called lettered, takes up these additional duties and thus derives an additional income of a not unwelcome magnitude. During the visits which I paid to several plantations in Ceylon and Malaya only one woman teacher—the wife of the ultra-modern *kangam* of the estate concerned—took charge of the pupils for a decent remuneration. Nor are the conditions in the towns particularly in Malaya any better. There are a few Anglo-Vernacular schools which are managed by enterprising Indian graduates and undergraduates. But these specialise in instruction to such pupils as are taking up the Cambridge Junior and Senior examinations. The Indian community of Singapore numbering some lakhs of individuals does not possess one single vernacular school! Nor is there any possibility for these lakhs of nationals to expect any help from the governments of the countries concerned since the cry is 'Ceylon for Ceylonese and Malaya for the Malayas'. Actually no Indian pupil can join any Malayan elementary school according to the law of the land unless he takes up Malay as his language. Needless to say that Tamil is not taught at all in any of the State-aided and State-maintained schools in these countries.

I am confident that I am not hazarding in

any fanciful speculation but I am convinced that a concerted and representative effort of the home country as well as on the part of the emigrant community can afford immediate relief to some seven to eight thousand properly educated and qualified of our youngmen and youngwomen who are not in a position to get employment in our land at the present day. Provided there is the right type of encouragement shown to the B.A. B.Ed.s of India who are content with some twenty or twenty-five rupees per mensem and that too for ten months in the year, in the hopelessly inhospitable elementary schools these people can aspire to have a living above the margin of starvation on a salary of anything between forty to fifty rupees per month with free quarters in Malaya and Ceylon. Will this new spirit of adventure and duty to the motherland dawn upon our young hopefuls? Will the leaders of public opinion and government yield to this appeal of the Indian emigrant community abroad? An early effort at the solution of the problem outlined above is bound to further relieve congestion among the ranks of the unemployed in the country, besides infusing a new purposiveness into our educational methods.

It was not my purpose when I sat down to build this article to offer a complete catechism on the question of educated unemployment in the country. My purpose is to throw into proper relief some of the important aspects of this vital national question. Provided a symposium is built up by the joint efforts of the nation and the government and measures taken to remedy the existing undesirable features of our education and unemployment a great thing would have been achieved towards fitting the younger generation to their proper keys in the economy of the nation.

Britain now ranks third among the telephone-using nations of the world. The United States has 17,547,000. Germany 2,960,401 and Great Britain 2,144,700 instruments in the Post Office system.

A Baroda Government Press Communiqué

says that a greater part of the Diamond Jubilee Fund collected is intended to form a permanent trust the income from which will be used for the purpose of village uplift work and that those who subscribe to the fund will naturally have a voice in framing the final and detailed scheme for this work.

Agricultural Marketing in India.

By C. Srinam, M.A.

Marketing is the very backbone of agricultural enterprise. Modern researches in scientific farming either for increasing the outturn or for improving the quality of the produce can be of no avail without sound marketing operations. India being primarily a land of agriculturists such facilities become all the more necessary.

Marketing in India has always suffered from inadequate means of communication in ever increasing chain of parasitic middlemen and age long illiteracy—a mournful triple alliance indeed.

Rural communications in India have still maintained the hackneyed bullock cart. At present most of the farm produce in this country is transported either in such bullock carts or on the backs of pack animals. Motor traffic is still very much undeveloped though in furtherance of this idea Road Boards have been formed in Bombay, Burma, Madras, the Punjab and the United Provinces. The Royal Commission on Indian Agriculture suggests. The development of all roads would undoubtedly be much more rapid if the policy of financing a road programme from loans rather than from current revenues were accepted and if the rule governing provincial loans made provision for such a policy. Even if the proposal assumes a practical shape, the all pervading financial depression of recent times greatly deters us from accepting it. Under the present unwelcome circumstances, the only wise policy seems to be the localization of the road development programme to the *least part of every district and meet the necessary expenditure from provincial revenues as well as from the District Board allotments.* An honest co-operative endeavour of the villagers in the construction of their own earthen roads will of course facilitate the work a great deal. The village panchayats being even now potent institutions in our country can show an adequate response in this field in rehabilitating them to suit modern requirements.

The innumerable waterways of India have in fact great potentialities of transport. The Royal Commission deprecates the blocking up of the navigation channels in Assam, Bengal and Burma by an extensive spread of water

hyacinth. It is high time for the Imperial Council of Agricultural Research to show special interest in this problem and devise new ways and means to root out the pest in these provinces.

The railways may be said to have compensated the shortcomings of roads and waterways by transporting farm produce through very long distances. For the conservation of human energy as well as for augmenting the prosperity of the Indian cultivator the District Board and the Panchayat Boards should serve as feeders to Railways. In fact a judicious policy of collaboration between the Railway and District Board authorities shall be the first step in this direction. Further a periodical revision of railway freights will advance the commercial status of our country by enlisted the sympathies of all cultivators.

The elimination of middlemen is the most crucial problem in marketing. The multiplication of middlemen is not only a great economic strain for the growers of agricultural produce as well as for the consumer but it is also a serious impediment to the progress of farming itself. The marketing of cotton in Khandesh, jute in Bengal, rice in Burma as the Royal Commission notices is interlaced with middlemen. The aim of better marketing is not necessarily to displace any unit in the existing machine but to enable that machine to function to greater advantage. We have therefore no suggestions to offer which involve the elimination root and branch of the middlemen. In the *economic organization of the modern world* he fulfils essential functions and neither in India nor elsewhere is it possible to dispense with him. Any marketing organization failing to disturb the position of the middleman even if his services prove detrimental to national interests cannot claim the support of the public. The elimination of a middleman is positively the substitution of a co-operative paid servant in place of the already existing profiteer. But the assimilation of middleman by practical adjustment and readjustment into the newer conditions of trade and finance as proposed by Dr Radhakamal Mukerjee, is no better than putting old wine into new bottles. Such a

poor assimilation makes our socio economic structure shaky for it is constantly interfered by adjustments and re-adjustments

The Indian agriculturist is immersed in many other economic disabilities over which he has no control. They are —

1 Lack of standardized weights and measures

2 Deduction for religious and charitable purposes from the sale proceeds of his produce

3 Taking large samples of his produce free of cost

4 Secret bargaining between purchaser and the agents at the market place and

5 Underhand dealings of the broker

Even the regulated markets of Berar are not entirely devoid of the above defects. The Berar system is mainly defective in so far as it is manned by committees consisting of commission agents who leave no stone unturned for safeguarding their class interests. This defect can easily be remedied by empowering the very cultivators themselves to formulate their own marketing policy in the local committees

Co operation is the only principle for systematising the present marketing operations in India. The co operative marketing societies in Europe and America have made very great strides and it is well known how successfully they are a panacea for many economic evils. Mr James E Boyle notices that the Minnesota Creameries of America have been able to save 10 000 dollars a week in freight charges alone by shipping butter in car lots. Even in Europe as Mr John P Maxton enumerates the co operative marketing societies of Russia, Netherlands, Finland, Estonia and Latvia in butter of Switzerland in cheese of Denmark in eggs and of Greece in raisins have commanded large export trade. Prof Kyoshi Ogata of Tokio University describes at great length how the silk marketing societies and the rice warehousing societies of Japan have shown phenomenal progress in commercial enterprise.

Unfortunately India cannot boast of such eminence though earnest endeavours have been made in different provinces to popularise the co operative marketing principle. The co-operative cotton sale societies of Hubli and Cadag in the Bombay Presidency, the joint paddy sale societies of Burma and the marketing associations of jute and paddy

in Bengal have wielded considerable influence by providing high and prompt sales and even advancing money to the cultivators.

Co operative marketing is briefly defined as marketing by and for the farmer. The co operative marketing societies are bound by the following main principles —

1 Nominal rates of interest alone shall be paid on the capital invested

2 The share holding capacity of a member shall be limited to a fraction of the total capital

3 A member's freedom of transferring shares shall be restricted

4 The membership is open to all producers of the commodity handled by the society

5 Every member shall have a vote and hence the one-man one-vote principle

Mr Michael Murphy enumerates the marketing services essentially rendered by a co operative society: (i) Assembling (ii) Grading (iii) Packaging (iv) Processing (v) Financing (vi) Storage (vii) Transportation and (viii) Distributing

(i) *Assembling* the produce is the very first concern of an agricultural marketing society. It is meant to provide a variety of products for the careful selection of the consumer and eventually to maintain the price level of all such commodities for the express advantage of the producer.

(ii) *Grading* of farm produce is uniquely associated with assembling. It consists of sorting the products into heaps of uniform kind, size and quality. It facilitates commerce by reducing the costs of transportation to a minimum and by quickening the passage of the produce through various channels. It also enables the consumer to satisfy his tastes and interests. Finally what is most important is the rapidity with which it enhances the reputation of farm products in world markets.

(iii) *Packaging* has been scientifically studied in view of the enormous importance of our national exports. Thus packages are being standardized for catering to the tastes of the consumer. It is highly necessary to make them as attractive as possible for there is the competing individual seller at every step.

(iv) *Processing* of farm produce is indispensable in so far as it raises the general standard of consumption. No agricultural product is directly consumable *in toto* in

The Trade between Italy and India.

By Antonio Giordano

What are the prospects to increase trade between Italy and Mediterranean countries on one side, and India, the Far East and Africa on the other?

This is a problem which is focussing the attention of the Italian business quarters, both in view of the fact that Premier Mussolini has outlined in one of his recent speeches that Italian expansion must tend towards Asia and Africa and both in view of the projects of the Italian lines to increase sailings to India, the Far East and the African Continent.

However, while African countries and especially the Union of South Africa have been very active on the Italian market recently, Indian and Far Eastern exporters have not shown much interest for the opportunities offered in the Mediterranean. The appearance of the African merchants directly on the Mediterranean markets assumes a considerable importance, as, while until at present African products have been quoted at a higher price owing to the fact that business has been done through North Sea ports, the direct import from Africa enables merchants to spare the cost of carriage from North Sea ports to the Mediterranean and thus to reduce prices. As a matter of fact, South African exporters are trying to compete in cotton, skins, etc., on the Mediterranean markets.

On the other hand, imports into Italy, especially from British India, have increased during 1934 as it can be seen from the following figures—

	Imports	Exports
	(Millions lire)	
1929	1 162 1	423 9
1930	733 6	253 6
1931	475 4	192 1
1932	304 2	181 2
1933	297 4	113 8
1934	351 9	119 2

A better idea of the importance which the Italian market represents for Indian exporters may be had from the following figures regarding the main items of Indian goods imported into Italy—

	1934	1929	1913
	Centals		
Pepper	18 107	19 595	14 757
Arachides	1,485 569	1 597 756	584 394
Coprah	203 275	180 665	—
Cotton	317 908	470 489	352 250
Jute	564 881	535 446	419 774
Skins	43 710	46 475	61 674
Raw rubber	103 783	170 450	1 394

Imports of arachides, for example, from the British colonies in Africa have increased from 7 422 centals in 1932 to 248 135 centals in 1934, while the Indian coprah imports into Italy are contended by the Zanzibar exporters who increased their business from 90 632 centals in 1932 to 128 153 centals in 1934.

Not less interesting is the Italian skins market as the total imports of skins into Italy have increased from 296 801 centals in 1932 to 511 718 centals in 1934, but the Indian participation does not reach even the 10 per cent, while in a few years the Union of South Africa has exceeded the British Indian share. Also raw rubber imports into Italy are increasing but the British Indian share is contended by Dutch East India and Straits Settlements.

Furthermore, the Italian Government has established a quota import system on certain goods including all the main items of Indian imports. Such quota is, however, subject to an increase if foreign importers are ready to buy Italian goods.

It is, therefore, of the highest importance to follow more closely the Italian market in order to avoid that others should take advantage of the present situation of the same market.

It assumes a considerable importance in this connection, the participation in the Levant Samples Fair at Bari, held there yearly from September 6th to September 21st, as such Fair does not rent stands only to exhibitors who offer goods but also to merchants desiring to purchase goods so that the establishment of business on the barter system outlined by the Italian foreign trade

policy becomes more easy. Furthermore, in order to facilitate the participation of the largest number of exhibitors the rent of the stands has been decreased.

In order to understand the importance of the Levant Samples Fair, it should be considered that its organization includes, (1) the exhibition in the true meaning of the word, and (2) the commercial department. In order to render possible an easier visit of the exhibition the exhibitors are grouped in classes according to the various types of production. In such a way it has been possible to encourage firms to improve the production to meet the competitors, which each exhibitor is in the possibility to study what his competitor is doing. Of course, there are also private pavilions and pavilions of foreign countries.

Furthermore, in addition to the stands, the Levant Samples Fair offers to business people also the services of its commercial exchanges office. For the period of one year from the day a firm signs the contract for the participation to the Levant Samples Fair it has the right to avail itself of the services of such office, which is reporting to the various firms participating in the Levant Samples Fair the trade opportunities offered on the Italian and overseas markets. On the other hand, the Levant Samples Fair does not rent stands only to exhibitors, who offer goods, but also to commission houses desiring to place themselves at the disposal of producers to sell the goods, to the consumers on behalf of industrialists, and thus represents the commercial department of the Fair. It is a fact that the participation in the Levant Samples Fair has met with such success that countries such as Australia, Albania, Bulgaria, France, Iraq, Iran (Persia), Roumania, etc., are to have their official pavilion also this year, and it assumes a considerable importance that the leaders of the Levant Samples Fair have decided to invite the foreign Governments to maintain during the whole year through

out their pavilions open at Bari in order to facilitate the possibility of transactions on the basis of actual samples and to create at Bari something like an exchange of Levantine and Far Eastern products.

The importance of the port of Bari in regard to the Eastern trade expansion in Italy and in the Mediterranean may be gathered from its geographical position in respect to the Suez Canal and is illustrated by the following figures —

From	to Beyrouth	to Port Said	to Bangass
	Km	Km	Km
Port	1064	997	699
Venice	1385	1318	913
Genoa	1517	1436	921
Naples	1169	1209	603
Marseilles	1600	1514	—

The advantage to use Bari as a transit port for trade between the East and the West clearly appears from the above figures. On the other hand, Bari is well situated in respect to Rome, the distance between the Adriatic port and the Italian capital being covered in 9 hours at an average of 55 km per hour. Furthermore, within June 1937 the port of Bari shall include 2,380 meters of quayage, of which over thousand meters will be having waters with a depth from 10 to 15 meters. On the new area of 73,000 square meters resulting from these works, shall be undertaken the construction of warehouses fitted with electric cranes, etc. The port of Bari is, however, accessible already at present even to vessels of 25,000 gross tons which can anchor alongside and land passengers on shore.

Bari is connected to the Levantine and Far Eastern countries by the services of the Lloyd Triestino and, therefore, its organization embodies everything necessary to develop trade between Italy and Mediterranean countries on the one side, and Asia and Africa on the other.

The following has been received by post from the *Sunday Express*, London — 'Hitler denies that he wants war. He denounces bombing from the air. He assures us that Germany has no aggressive aims. In Germany the Protestant pastors still go to prison. Collectors for Catholic charities are assaulted by the Nazi Brownshirts. Jews are chased

from their homes and livelihoods—simply for being Jews. No business of ours, you say. Perhaps not. But are you ready to believe that a Government which knows no method save force at home really believes in reason and moderation abroad?' Comment seems superfluous.

International Survey of Cartel Legislation.

By Dr. J. W. Reichert, Berlin,

Rapporteur for Legal Questions

I.—INTRODUCTION

As a result of the economic and monetary disturbances caused by the War and its aftermath in all industrial countries innumerable measures of economic defence have been taken by the Governments concerned. These measures have developed both nationally and internationally to an extent previously unknown. In addition to Government action, private business interests have also been at work. To meet abnormal economic conditions and find a way out of the crisis, organizations have been set up all over the world for the regulation of markets. These organizations go by various names: associations, ententes, cartels, combines, federations, unions, syndicates, etc. In many countries, the term "cartel" is used to cover all the various types of organization in question. Self help in industry has in a large number of countries taken the form of a veritable movement towards the cartel type of organization. The growth of these economic associations has given rise to a number of new legal problems and has thus called into being a whole series of administrative and legal measures.

CHRONOLOGICAL

SURVEY OF LEGISLATIVE MEASURES

The following brief survey of the special laws governing cartels in the countries chiefly concerned shows the rapid growth of such laws both in number and scope, since the American Antitrust Law began the movement nearly half a century ago, and more particularly in the last ten or twelve years.

Special laws or enactments concerning cartels have been adopted in the following countries—

United States of America

1890—The Federal Antitrust Law known as the Sherman Act

Australia

1906—The Industries Preservation Act (supplemented in 1907, 1909, 1910, and 1930)

New Zealand

1908—The Monopoly Prevention Act

United States of America

1914—The Clayton Act and the Federal Trade Commission Act

Argentina

1923—A Statute for the repression of Trusts

Canada

1923—The Combines Investigation Act

South Africa

1923—The Board of Trade and Industries Act

Germany

1923—The "Kartellverordnung", a decree against the misuse of economic power

Norway

1926—Act regarding the control of limitation of competition and improper manipulation of prices

Spain

1926—A Decree regulating industrial production

Great Britain

1930—The Coal Mines Act

Germany

1930—The "Kartell Notverordnung", an emergency decree for the prevention of uneconomic price agreements

Hungary

1931—A Law concerning agreements in restraint of competition

Denmark

1931—A Law on price agreements

Bulgaria

1931—A Law on the control of cartels and of monopoly prices

Japan

1931—A Law on the control of important branches of industry

Italy

1932—A Law concerning the constitution and working of compulsory cartels

Poland

1933—A Law on cartels

Czechoslovakia

1933—A Law on cartels and private monopolies

Germany

1933—The Compulsory Cartel Act (Zwangskartellgesetz)

United States of America

1933—The National Industrial Recovery Act (NIRA) and the Codes of Fair Competition

Germany

1934—Law and decrees

- a) against price raising
- b) on the appointment of a price commissioner (Kommissar)
- c) on the encouragement of autonomous cost accounting
- d) on the obligation to declare price agreements and new cartels

Yugoslavia

1934—A Decree on cartels

Belgium

1935—Decree for the institution of an economic regulation of production and distribution

France

1935—Bill establishing the conditions in which trade associations may be rendered compulsory in time of crisis

Netherlands

1935—A Law defining the compulsory and non-compulsory declaration of trade associations

Germany

1935—A Decree completing the decree on price agreements and against the raising of prices for consumers goods

There is no need to mention *U.S.S.R.* legislation in this connection as private economic enterprise and the formation of private associations are incompatible with the present regime of that country

II—PRE WAR LEGISLATION IN EXTRA

EUROPEAN COUNTRIES

(1) *The United States of America*

The United States of America was the first country in the world to introduce special cartel legislation. The Federal Anti-trust Law known as the Sherman Act was enacted as early as 1890. Under this Act every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States of the Union or with foreign nations is illegal. The Act also considers as guilty of a misdemeanour any person who monopolizes or attempts to monopolize or who combines or conspires with any other person or persons to monopolize any part of trade or commerce among the several States or with foreign nations. The provisions of the Sherman Act in regard to such transgressions are as follows—

1 Offenders are liable to punishment by fines and/or imprisonment

2 The circuit courts are empowered to prevent and restrain violations of the Act and are obliged to institute appropriate proceedings to that effect. Pending the petition and final decree they may issue restraining orders or prohibitions

3 Injured parties are entitled to sue to recover three times the amount of the damages they may have sustained

At the beginning of this century a Bureau of Corporations was created in the United States as a section of the Department of Commerce and Labour in Washington for the purpose of officially supervising corporations and associations formed in connection with trade among the several States

Shortly after the outbreak of the War the Clayton Act and the Federal Trade Commission Act were passed. The former prohibits the amalgamation of one corporation with another thereby in the meaning of the Sherman Act competition between the corporations is sensibly diminished or a monopoly is created. The Clayton Act also declares unlawful discrimination in price between purchasers of commodities the effect of which would be to lessen competition substantially or create a monopoly. It also prohibits any arrangements or understandings by which the purchaser undertakes not to buy commodities from a competitor or competitors with the effect of reducing competition or creating a monopoly

The Federal Trade Commission Act passed in 1914 led as its name indicates to the creation of an important supervisory body in the place of the Bureau of Corporations for the purpose of taking action against violations of the Anti-trust Law and of preventing unfair competition both in inter State and international trade. One of the functions of the Commission is to submit proposals to the Public Prosecutor for the institution of proceedings against infractions of the law. It also has to advise combines which wish to conduct their business in accordance with the provisions of the law

If we seek to discover the political motives underlying American pre War legislation we find that it was prompted chiefly by the desire to prevent the creation of excessively large undertakings. When towards the end of the last century industry and trade began to develop more intensively,

thousands of medium and small scale enterprises were in existence. Already the first trusts were beginning to replace individual enterprise and thus to restrict business activity. Legislators preferred to protect the numerous small concerns rather than to smooth the way for the concentration of industry and trade in giant undertakings. Their economic policy was thus based on social considerations. The maintenance of as many concerns as possible in the same branch of business was intended not only to ensure the continued existence of numerous independent concerns but also to ward off the dangers to which the monopolistic tendencies of the large trusts were likely to give rise.

Thus the principal aim of the American legislator was not to influence the formation of prices or the drawing of profits but merely to discourage the development of big undertakings so as to leave room for the private initiative of the individual *entrepreneur*. The legislator's desire which was to play so important a part later to obviate the danger of excessively high prices and of an exploitation of the consumer was at that time only a subsidiary factor. However the actual course of events was quite different from that desired by the legislator.

The first departure from the principles of American anti-trust legislation occurred in 1918 towards the end of the War with the passing of the Export Trade Act (Webb Pomerene Act) which expressly sanctions in the export trade the creation of otherwise illegal associations. These organizations have to file with the Federal Trade Commission copies of their Articles of Association and other important documents. They must also give detailed information concerning their officers and members or shareholders. This obligation to furnish information extends to all important questions of organization, business conduct, practices, management and relation to other associations. However these associations have no right to raise or depress prices artificially or to compete unfairly with American competitors in the export trade or to restrain trade or lessen competition within the United States.

Even at this early stage of American cartel legislation we find that mingling of public and private law which is characteristic of nearly every form of legislation. The primary object is to prevent monopolies that is the restriction of trade by trusts and

similar associations either freshly created for that purpose or formed by the acquisition of shares etc. Then come vetoes on discrimination in price between purchasers and on arrangements for compelling purchasers to deal exclusively with certain groups. Not only are the Courts called upon to prevent and repress unlawful acts but a high administrative body is set up to watch over the application of the law and institute proceedings in the case of infractions. There is also the obligation to register as well as to furnish information and draw up regular reports. The same provisions occur now in the legislation of many other countries.

In brief the policy of the State in respect of cartels in pre-war days and still to a certain extent at the present time has been to give precedence to the interests of individual *entrepreneurs* and of consumers as against those of *entrepreneurs* desiring to form combines. Economic development would in its opinion be imperilled by the formation of monopolies. The American legislator has therefore sought to discourage the development of such forms of organization convinced that the general welfare depends upon the maintenance of private enterprise and above all upon free competition.

(i) Australia

With a view to protecting the Australian economy from monopolies and their policy of dumping the Industries Preservation Act was passed in 1906. This Act declares illegal and null and void any contract concluded for monopolistic purposes. Supplementary provisions are contained in the Acts subsequently adopted in 1907, 1909, 1910 and 1930. Participation in cartels is illegal if the cartels are liable to result in the destruction or injury of any Australian industry the preservation of which is advantageous to the Commonwealth or if they aim at restraining trade.

(ii) New Zealand

Following a series of laws in 1905, 1906 and 1907 the Monopoly Prevention Act and the Commercial Trust Act were passed in 1908 and 1910 respectively for the purpose of combating monopolistic developments in the foodstuffs, coal, petroleum and tobacco markets. Since 1919 a Board of Trade Act has been in force. This Act provides for the setting up of a Board to prevent or suppress monopolies and other practices detrimental to the public welfare.

The Indian Sugar Industry—III.

By B C Burt, CIE, MBE, BSc, IAS,

Expert Adviser, Imperial Council of Agricultural Research

The important question of securing to the cultivator a fair price for his cane had also to be tackled. The information placed before the Sugar Conference had shown quite conclusively that the prices paid for cane during the preceding season had been unsatisfactory in many cases and that although many factories had treated their suppliers very fairly cane growers in general were not receiving a fair share of the benefits of protection. The practicability and desirability of factories paying for cane on a sliding scale based on the price of sugar was pointed out by the Indian Sugar Committee as far back as 1919, and the Tariff Board endorsed this view. Although the Board did not recommend such scales being made compulsory there was no considerable body of public opinion in 1932 which would have welcomed the inclusion of some such provision in the Sugar Industry Act. In April 1934 the Sugarcane Act being

An Act to regulate the price of sugarcane intended for use in sugar factories, was passed by the Central Legislature and has been in operation during the current season. The Act is of an enabling character, and it is left to Provincial Governments to apply the Act to the whole or any part of a province as they think fit. Once the Act comes into operation in a province, the minimum prices fixed for sugarcane required the approval of the Central Government. Briefly the Act empowers local governments to fix minimum prices for sugarcane intended for factories to prohibit the purchase of cane except from the grower or from a licensed cane purchasing agent and to make rules regarding weighments and other matters connected with the administration of the Act. The Act is now in operation in the whole of the United Provinces and in North Bihar, i.e. in areas which include approximately 96 factories out of a total in India of 142. In both provinces the orders published at the commencement of the season required the minimum price of cane to be fixed on a sliding scale, a basic price of five annas per maund of cane corresponding to an average price of Rs 5.8 for No. 1 sugar for factory delivery, each rise or fall of eight annas in

the price of sugar resulting in a rise or fall of one-quarter anna in the minimum price of cane. The actual minimum prices are notified fortnightly. For *khandsari* factories i.e. factories as defined in the Factory Act which do not employ any type of vacuum pan or vacuum evaporator a 1 per cent sliding scale with a basic minimum price of three and a half annas has been prescribed.

During the present season the minimum prices have been steady at or near five annas whilst the actual prices paid have varied from about five to six and a half annas per maund. It should be noted that the minimum price has to be paid at whichever of a factory's weighing stations a grower delivers his cane any subsequent freight and other charges being paid by the factory. As the rules stand at present *premiums* can be and are paid for cane of better quality for cane of special varieties or where local prices are high but deductions for poor quality are illegal and if cane is accepted at all the minimum price must be paid. A temporary exception was made for frost damaged cane. Where the Act is in operation factories are also prohibited from purchasing cane except from the grower or from a duly licensed cane purchasing agent. By this means it is hoped to eliminate the irresponsible cane contractors who have been a bane to growers and factories alike. The Sugarcane Act also enables rules to be framed for the organization of sugarcane growers into societies for the sale of cane to factories.

Many of the abuses which have been the subject of recent complaint had their origin in the fact that the growers of cane are numerous and unorganized whilst their individual areas are small. It is in such circumstances that unscrupulous middlemen thrive. Recognizing that the interests of the growers in all factories alike demand the better organization of supplies the Government of India have undertaken to set aside annually a sum equal to one anna per cwt of the sugar which pays *excise* for distribution to the sugar growing provinces for expenditure on approved schemes for the better organization of sugarcane supplies. This

staff is employed. Here also there is recent evidence of improvement and the sugar technology courses at Cawnpore have contributed considerably to this end.

Intrinsically the industry is sound and there is every reason to believe that the weaknesses associated with an unexpectedly rapid development will soon be rectified. This much is certain during the present time of agricultural depression the sugar cane crop has been the one redeeming feature in thousands of villages in Northern India. It is at all times a crop which gives the Indian cultivator a relatively large reward for his labour and gives him employment throughout the year. The growth of the sugar industry whatever its imperfections has added substantially to the cultivator's resources whilst it is no exaggeration

to say that the introduction of improved canes in Northern India has meant the difference between a cultivator's ability or non-ability to pay his rent or land revenue.

For what has been said in the course of this paper I can lay little claim to originality and my sources of information have been many. I desire to acknowledge my indebtedness to many friends and particularly to the late Dr Barber to Mr Noel Deerr Mr Clarke Mr Wynne Sayer Mr R C. Srivastava (Sugar Technologist to the Imperial Council of Agricultural Research) and Rao Bahadur Venkatraman for much of my information and to the last named for the kind loan of lantern slides. Lastly, I owe a debt of gratitude to Sir Harry Lindsay who has so kindly undertaken the thankless task of reading another man's paper.

Rural Welfare in Madras

The Madras Government scheme for the expenditure of rupees fourteen lakhs granted by the Government of India for rural development is suggested to be as mentioned below —

The grants will be allocated as follows —
Village communications 4½ lakhs
improvement of rural water supply 5½ lakhs
construction of bore hole latrines 275 lakhs
Poonamallee Scheme Rs 25 000
anti malarial measures Rs 50 000 and discretionary grants to District Collectors Rs 50 000.

As regards the improvement of village communications it is understood that the Government propose to allot money to all the 28 District Boards in the presidency. Each District Board will receive Rs 10 000 for the improvement of roads within its jurisdiction. The Inspector of Local Boards will get Rs 15 000 for the construction of Jubilee Roads and this sum will be disbursed among the panchayat areas. The Government will reserve Rs 20 000 which will go to meet contingent expenses.

As for the rural water supply scheme the Government are understood to have called from the District Boards cut and dry

programmes for the sinking of wells in rural parts. The grants will be given to those schemes subject of course to several safeguards which the Government have prescribed. Naturally the Ceded Districts and other districts like Tinnevely and Vizagpatam which are faced with water scarcity will be given liberal grants.

It is understood that the Poonamallee Scheme will be given effect to early next month by the Health Department. It is expected that the Rockefeller Institute will give 40 per cent of the grant. It is stated that the Government will issue orders for giving effect to the scheme after the receipt of the promised donation from the Institute.

The sum of Rs 50 000 set apart for anti malarial campaign will be allotted by the Health Department to the following where the prevalence of malaria is acute —

Chintanapalle (Vizag) Rs 10 000
Gudalur (Nilgiris) Rs 10 000
Rameswaram Islands Rs 5 000
Coastal area north of Madras up to Ennore Rs 5 000
Shiharikota Island (Nellore District) Rs 10 000
Coastal area in Gudur Taluk Rs 5 000 and reserve Rs 5 000.

Indian Oil-Seeds—I.

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India abounds in a number of kinds of oil seeds of which the most important are groundnut (*Arachis hypogaea*), sesamum, or gingelly (*Sesamum indicum*), rape and mustard (*Brassica napus* and *B. juncea*) and linseed (*Linum usitatissimum*). * With such a diversity of crops in a country which possesses such a wide climatic range as India, it follows naturally that the distribution of the different oil seeds varies greatly in the different provinces. Groundnuts are grown chiefly in Madras, Bombay, Burma and the Central Provinces. Sesamum is also widely distributed in these provinces and has extensive areas in the United Provinces, Bihar and Orissa, Bengal and the Punjab. Rape and mustard are typical cold weather crops of the northern provinces and occur mostly in the Punjab, Bihar and Orissa, Bengal and the United Provinces. Linseed is widely distributed in Bihar and Orissa, the United Provinces, and also in the Central Provinces, the large variety of forms in this crop being the cause of its wide geographical range. Castor and coconut are important oil seeds in Madras and the former is also cultivated to a fair extent in Bombay and Bihar and Orissa.

The estimated area and yield of the chief oil seeds in India in 1932-33 was—

	Area in thousand acres	Yield in thousand tons
Rape and mustard	6 079	1 032
Linseed	3 220	405
Sesamum	6 125	547
Groundnuts	7 005	2 934
Castor	1 602	149

In 1932-33 the production of cotton seed was approximately 1 624 000 tons.

A considerable quantity of this large production of oil seeds is exported and it is of interest to trace the fluctuation of this export trade in recent years. As a result of the Ottawa Trade Agreement, Indian vegetable oils and seeds enjoy important tariff preferences in the United Kingdom and by the same agreement certain tariff preferences on Indian vegetable oils were

secured in other parts of the British Commonwealth. The consequences of this preferential treatment of Indian oil seeds is clearly brought out by a comparison of the export figure of 1933-34 with those of former years. The total exports of Indian oil seeds of all kinds improved in quantity from 733 000 tons in 1932-33 to 1,124 000 tons in 1933-34, and from Rs 11 31 lacs

Rs 13 66 lacs in value. Relatively to 1932-33 therefore there was an improvement of 53 per cent in quantity and 21 per cent in value. In quantity the exports in 1933-34 reached a record level for recent years, this expansion being mainly due to the recovery made by Indian linseed. Exports of linseed in 1933-34 attained the pre-War level and there was also an improved demand for groundnuts as compared with the preceding year, but this improvement was accompanied by a fall in value. Excluding linseed and groundnuts, other kinds of oil seeds taken together declined from 2 800 tons to 198 000 tons in quantity and from Rs 3 28 lacs to Rs 2 45 lacs in value, rape seed being largely responsible for this result, the demand for it falling off by about 37 per cent. The table given below compares the quantities of the different kinds of oil seeds exported during the last three years, with the pre-War averages—

	Pre-War average	1931-32	1932-33	1933-34
		(Thousands of tons)		
Linseed	379	120	72	379
Rapeseed	273	54	115	73
Groundnuts	212	672	253	547
Castor	114	104	80	82
Cotton	240	12	2	6
Sesamum	119	12	10	15
Coconut	31	—	—	—
Others	80	14	15	22
Total	1 453	958	733	1 124

Each of the Indian oil seed crops presents its own economic and scientific problems. In general, India suffers a loss of nitrogenous manure in the export of oil seeds which yield oilcake. Such exports are crushed outside India and the cake is not available either as a food for cattle or as a manure for the country which has produced the seed.

* Paper read before the Indian Section of the Royal Society of Arts on June 27th 1933.

A fair proportion of the various kinds of oil seeds oil and oilcake are exported to foreign countries and the rest are consumed in India. There is a difference of opinion about the desirability of exporting large quantities of Indian oil seeds. Many people consider it as a loss to the country and consider that the seeds must be crushed in the country and only the surplus oil should be exported. There are others who maintain that the seed export should continue. The arguments advanced in favour of encouraging oil seed crushing industry in India are —

(1) The cakes would be largely retained in the country to be utilized for feeding and manuring

(2) The profits of the industry would be secured for India and the industry would provide employment for many Indians

(3) By crushing the seeds fresh and better oils could be produced

The arguments in favour of export of oil seeds are —

(1) India is pre eminently an agricultural country and it would be better to give attention to the development of agriculture with a view to increase the yield and export of raw material rather than to attempt to start new industries

(2) Even if an oil seed crushing industry were established on a large scale in India the farmers would not readily take to the use of cake as manure and consequently Indian agriculture would not benefit

(3) India already exports some oil and cake which indicates that her actual requirements for these are adequately met

(4) It would take a long time before India could produce refined oils of the kind demanded in Europe and the industry could not therefore flourish

(5) It is easier to export seeds than oil

The two different opinions and the arguments advanced for the same have been expressed above and it is not possible for anyone to make any definite statement at the present moment as to which procedure would prove to be more economical on the whole. If the necessary conditions for the success of the oil seed crushing industry become available it will no doubt flourish in due course. In some parts of India there are already several oil mills being fitted with modern machinery and the number of well equipped oil mills is on the increase. In

some places notably Burma the development of the crushing industry on up-to-date lines has been taken up by European agencies. As India develops her manufacturing industries the demand for oil of all kinds will surely increase

The economic problems which are capable of a solution as the result of scientific research relate generally to the improvement of yield of seed and oil-content of seed and of the quality of the oil. In the case of linseed the possibility of combining the production of oil with fibre offers a fruitful line of research

THE IMPROVEMENT OF OIL SEED CROPS

The improvement of a crop consists either in the introduction of a new variety of the crop or in a change in agricultural method which produces superior results, the former method is that which has yielded the most encouraging results in India. Indian oil seed crops, and indeed all crops in India as grown by the cultivator, consist of a mixture of numerous different varieties of the same species and the first task of the research worker is the separation from the mixed crop of the various unit types of which it consists. It is frequently the case that when this is done it will be found that the cultivation of one unit type offers an advantage in yield or quality over that of the mixed crop. Indeed it is nearly always the case that the cultivation of a unit type, by the mere fact of its uniformity in time of maturity will prove more profitable than that of the mixed crop in which early ripening individuals will tend to lose seed before harvest and late ripening individuals will cause the presence of the immature seeds in the product. Moreover in a diversity of unit types there will be differences of habit and physiological properties which will enable particular types to be selected for special localities to the conditions of which they happen to be suitable. If it happens, as is almost always the case that characters which are specially desirable and profitable occur in different unit types it is then possible to seek the combination of such desirable characters in a single type by hybridization

Oil seeds offer a rich field for research and improvement by the application of these principles. They, however, present certain special difficulties which are peculiar to the improvement of any crop in which the improvement sought after is a quality which

is not visible to the eye. It is impossible to tell from inspection whether a particular variety produced by hybridization will yield more heavily or produce a superior quality of oil and since it is scarcely possible for the research worker to investigate the properties of each of the many hundreds of hybrids which may result from a single cross, it is important to seek for morphological characters which may be correlated with oil content and may afford some indication of a type which it is desirable to select.

GROUNDNUT (*Arachis hypogaea*)

Groundnut is the most important of the Indian oil seeds from the point of view of acreage, total production and export. The approximate average annual area under this crop has been over five million acres in recent years. Madras has the largest area of this crop followed by Bombay, Hyderabad, Burma and Central Provinces. About 40 per cent of the world's export trade is from India and the oil content ranges from 40 to 50 per cent.

The crop of 1933-34 is according to the latest report estimated at 3,252,000 tons. Supplies of groundnut in 1933-34 therefore proved to be abundant and exports also recovered from the low level of 433,000 tons in 1932-33 and rose to 547,000 tons in 1933-34. But prices in the world markets were far from satisfactory throughout the year and the total value realised declined still further from Rs. 7.12 lacs in 1932-33 to Rs. 6.63 lacs in 1933-34. France has proved in recent years to be the most important single market for groundnuts exported from India but in August, 1933 a decree was passed under which an import duty is levied on groundnuts other than those grown in the French colonies. This restriction of the market had also a disastrous effect on prices. Exports to France during 1933-34 amounted to 188,000 tons only, as against 219,000 tons in the preceding year or a decline of 14 per cent. This decline was however more than counterbalanced by increased demands from the United Kingdom which took 53,000 tons and the Netherlands which took 101,000 tons as against 32,000 and 87,000 tons respectively in the preceding year. Other European countries also showed greater interest. Purchases by Germany amounted to 97,000 tons as compared with 48,000 tons in the preceding year while Italy received 72,000 tons against 28,000 tons in 1932-33.

The area and yield of groundnut during the last three years are given below—

Year	Acres	Tons of nuts in shell
1930-31	6,573,000	2,767,000
1931-32	5,489,000	2,76,000
1932-33	7,005,000	2,934,000

On the average of the last three years Madras carries 3,241,000 acres, Bombay 1,022,000 acres, Hyderabad 861,000 and Burma 498,000 acres.

In Madras out of the 25 varieties tried by the oil seed specialist ten have yielded significantly higher yields than the local variety. A variety known as *Salum* which proved superior to the local *Mauritius* is being sent out to the districts for trial. Hybridization is being adopted with a view to evolving high yielding short duration varieties. It has been found that percentage of oil increases and free fatty acid content decreases as to the groundnut kernels develop. Spacing trials showed 6 inches by 6 inches for the bunch variety and 9 inches by 9 inches for the spreading type the most economical. Work is also in progress on a study of the flowering period, rate of maturation of oil during growth and the root systems.

In Bombay the area under improved varieties was 731,981 acres in 1931-32 and 548,803 acres in 1932-33.

The improved varieties introduced by the Department have spread rapidly in all the groundnut growing tracts. The Spanish peanut variety occupies about 423,000 acres in Khandesh while small Japanese and Spanish peanut together occupy about 56,700 acres in the Panch Mahal.

The Department has recently been introducing with success the Spanish variety into the Canal zone of the Deccan where 24,000 lb. of seed was distributed in 1931-32 and 17,357 lb. in 1932-33. On the Nira-Pank Canal and in the dry tract of the Purna district very good yields varying from 1,200 to 1,700 lb. per acre have been obtained. The application of superphosphate has yielded encouraging results with this crop.

Economic work on groundnut was carried out at the Dharwar Station where work on some new Pondicherry varieties has been started.

In Hyderabad groundnut cultivation has spread very rapidly in the Telangana Division during recent years. The local seed is a mixed variety which is trailing in habit.

and is consequently very difficult and costly to harvest. The Department is carrying on experiments with the object of finding out the most profitable variety possessing erect habit so that it may be harvested without trouble. One of the varieties under trial Kanke No 17 which proved successful has already been introduced in the villages and is spreading rapidly. Of the other varieties under trial Spanish peanut appears promising. The Department distributed 43,440 lb and 125,392 lb of improved seed during the two years under review.

The suitability of growing groundnut between cotton and *jo car* in cotton *jo car* rotation is being advocated by the Department.

In *Burma* groundnut is an important crop in the West Central and Myingyan circles. Work on the crop was conducted at the Magwe Seed Farm. Of the fifteen varieties tested Mauritius, Burmese and Pondicherry proved to be superior performers. The difference in yield between the Burmese and other types being small it was decided not to oust the Burmese. The erect type introduced by the Department has proved useful in the riverine areas on account of its earlier ripening habit and ease in harvesting.

In the *Central Provinces* as a result of experiments carried out at the Akola Farm groundnut has proved to be the most suitable crop for rotation with cotton.

The recently developed new strain of Spanish peanut AK 12-24 has proved superior to all other varieties in respect of the size of pods, maturity, oil-content and cropping power. On the Akola Farm it gave an average of 1,400 lb per acre as against 1,000 to 1,200 lb of other varieties. About 5,000 lb of the seed of this variety have been distributed.

The general fall in prices of cotton has led to an increase of the area under groundnut in the Western Circle. The popular varieties are Spanish peanut and small Japan. The Departmental variety Akola No 10 has proved to be a heavy yielder and is particularly suited for eating purposes. The acreage under groundnut in Berar has increased considerably in recent years. In

1922-23 the area was 2,529 acres. In 1931-32 the area was well over one lac of acres with the result that a number of mills and oil expellers for extracting groundnut have been established.

The Department maintained 2,156 seed farms in 1931-32 and 2,389 seed farms in 1932-33 for this crop and distributed 66,279 and 66,168 maunds of seed in both these years.

In the *Punjab* several disease resistant and high yielding strains are under trial in the district farms. There is considerable scope for the introduction of this crop in certain parts of the province and zamindars in parts of Ludhiana have already taken to this crop.

In *Bihar and Orissa* the cultivation of this crop is extending in the Sambalpur district where over 1,000 acres have been put down to it. On account of the falling market and the high cost of harvesting it, however, the cultivation of this crop is decreasing in the Ranchi district.

In a varietal trial at the Sambalpur Farm Kanke 17 variety was found to be the best.

In the *Mysore State* a variety known as Valencia has been found to be promising as it ripens in three months and yields better than either small Japan or the Spanish. It is found to be specially suited for growing between lines in sugarcane plots. Another variety known as H G 1 which came out well in bulk trials is under distribution.

In *Sind* thirty-four samples from all parts of India were grown at Sakrand and ten have been retained for further trial. These together with five other new types were grown and detailed plant to plant study was made. Selection work is in progress. The Spanish peanut varieties appear to be best suited under extended cultivation under Sind conditions.

In the *North West Frontier Province* a number of varieties from other provinces are under trial at the Tarnab Agricultural Station.

In *Bengal* groundnuts are studied more as a food crop than as an oil yielding crop. Attempt is being made to introduce it into suitable localities.

Weights and Measures in Bombay.

By C T. Rao, B.A.

The question of weights and measures is so often discussed in the Provinces of India that it is interesting to learn of the steps taken to introduce the new Act in Bombay. The Bombay Weights and Measures Act, 1932, has come into force from August 1. It has been introduced in the first instance in the City of Bombay and in the districts of Broach, Surat, Thina, Bombay Suburban, Poona, Ahmednagar, Satara, Belgaum, Karachi and Sukkur including all municipal areas in those districts. It may, therefore, be worth while for the public to take note of the provisions of the Act and the rules framed under it (both of which can be had, in English and the Vernaculars, from the Government Book Depot, Charni Road, Bombay, for 3 annas).

Now that the Act has come into operation, only the weights and measures specified in the Schedule to the Act can be used. Briefly these include—

Weights—The Bombay tola, seer, maund and sub-multiples.

Dry Measures—The Bombay seer, chatrak, adpao, adholi, payali, maund and map.

Liquid Measure—The Bombay seer, with sub-multiples and multiples, the Imperial gallon and the pint.

Length—The yard, inch, foot, furlong, mile, etc.

All dealings or contracts made after the Act has come into force will be deemed to have been made according to the weights and measures specified in the Act and the use of any other weights or measures will be unlawful. No weight or measure and no weighing or measuring instrument shall be used for trade or sold or delivered unless it has been verified, or re-verified periodically, and stamped by an Inspector.

The Act provides penalties for the fraudulent use of weights and measures, etc., for making, selling, or disposing of false or defective weights, measures, etc., for using or possessing weights or measures other than those given in the Schedule, and various other offences of a similar character. Neglect or refusal to produce weights for inspection by an Inspector is also an offence. The penalty in every case may be a fine or imprisonment or both. The trading public must

therefore examine their existing weights and measures and measuring instruments and satisfy themselves that they do not violate the Act and the Rules.

Government have prescribed the fees which will be payable by the trading public for the verification or re-verification and stamping of weights and measures, etc., by the Inspectors. These fees range from 3 annas to 9 annas per unit of weight or measure, while the fees for weighing instruments range from 1 rupee to 40 rupees—the latter fee being for a big weighing machine of over 25 tons capacity.

Weights and measures and weighing instruments are liable to be seized and detained by Inspectors if they do not conform to the Act or Rules. The latter make provision for the temporary use of certain weights and measures mentioned in the Act which may not exactly conform to the Rules but are within the percentages of error allowed by the Rules. It is important for traders to see that any new purchases of weights, measures or weighing instruments should conform to the legislation. Dealers and manufacturers of weights and measures should also take care that they do not exceed the period of six months allowed in regard to such of their existing stock as may be within the margin of error admissible under the Rules. Thereafter all weights, measures and measuring instruments sold must comply with all the provisions of the Rules and the Act.

The Act and Rules apply to weights, measures, measuring and weighing instruments which are in use or are intended for use for trade. They do not apply to weights and measures which are in actual use in private households for household purposes. Householders need therefore take no special steps in connection with their existing weights and measures. It must, however, be emphasized that from the date of the introduction of the Act manufacturers of and dealers in weights and measures, etc., must not sell any weights and measures, etc., whether for private use or trading purposes, which do not comply with the Act and the Rules. The Director of Industries is responsible for the administration of the Act.

International Labour Conference.

A Heavy Agenda.

Geneva—The Conference opened on 4th June and closed on 25th June. Its agenda was very heavily charged but thanks to the unremitting toil of its numerous committees useful conclusions were reached.

The most striking difference between this Conference and its predecessors was seen in the official representation this year of two of the greatest nations in the world the United States of America and the Union of Soviet Socialist Republics. The latter was represented by one government delegate, Professor Markus who participated in certain discussions and voted in favour of the Draft Convention on the Forty-hour Week. The former was represented by a delegation of fifteen members in all including the four titular delegates and their technical advisers.

The U.S. Government delegates were Professor Grace Abbott of the University of Chicago formerly Head of the Children's Bureau in the Department of Labour, Washington and Professor Walton H. Hamilton of Yale University. Member of the National Industrial Recovery Board The Employers' Delegate Mr. Henry S. Dennison was replaced by his substitute Mr. Sam A. Lewisohn Vice President of the Miami Copper Company and Chairman of the American Management Association. The Workers' Delegate was Mr. Dan W. Tracy President of the International Brotherhood of Electrical Workers.

It is not too much to say that the progress made by the Conference in various domains was due in part to the positive stand and helpful attitude of the United States Delegation. Its members were able to bring to bear upon the discussions of hours of work, for example the immense practical experience acquired by their country during the last two years.

It is hoped that Germany which was absent from this year's Session will ultimately renew its collaboration with the one institution for social progress which has not almost attained universality in its membership. Sixty-two nations are at present Members of the Organization. This number

includes Afghanistan and Ecuador which also participated this year for the first time in the debates of the Conference. All the Continents were well represented and the reproach can no longer be made that the preoccupations of the I.L.O. are too exclusively European.

One demonstration of the truth of this assertion may be found in the number of resolutions submitted by delegates from distant countries.

The Government delegates of Australia and New Zealand supported by those of Canada and the U.S.A., presented a resolution calling upon the I.L.O. to study the problem of under-nourishment in various countries and the possible effects of an improvement in nutrition upon the present depression in agriculture.

The Japanese Workers' delegate asked that the question of the workers' right of association should be placed on the agenda of a future Session of the Conference.

The Indian workers' delegate submitted a Resolution calling upon Governments immediately to set up wage-fixing machinery where none exists in accordance with the provisions of the Convention of 1928.

DISCUSSION OF THE DIRECTOR'S REPORT

The worldwide character and interests of the International Labour Conference were clearly illustrated by the range of the discussions on the Director's Report. Scores of representatives of Governments, workers and employers coming from countries far and near and meeting in Geneva took a vigorous and helpful part in these debates. In this sense the Conference is the world's great clearing-house of ideas and doctrines in the realm of social economics and there is an exchange of ideas on an international basis which gives direction to the work undertaken and which has great educational value. The research programme outlined at the Conference this year includes the study of national standards of nutrition the truck system the problems of agricultural workers the position of women in industry conditions in the textile industry economic factors affecting social progress population etc.

The discussion on the Report turned mainly on the advisability of planned economy as the alternative to a return to liberal economy. While there were differences of opinion as to the form which State intervention should take and the extent to which it should go it was generally agreed that isolated national action would not provide an adequate or lasting solution of present day difficulties. The prevailing view was that only concerted international action could find the key to a permanent escape from the world depression and that it was the duty of the International Labour Organization to strive to promote such international collaboration. During the discussions the Government delegate of Mexico declared that he saw no reason why in course of time the I.L.O. should not become the corner stone of the social edifice of the world.

The argument that in the words of the Director of the I.L.O. where plenty exists its proper distribution to the best general advantage can and should be effected by human forethought and organization dominated the discussions at the Conference. As one delegate said: One country after another has abandoned the policy of drift for the policy of intervention. The pressure of depression and want on social and political institutions had forced experimentation. This had been undertaken by Governments as a matter of sheer necessity because the people of the world wanted it.

Dr Hamilton, one of the United States Government delegates, expressed the general attitude of the Conference when he said:

I think I am speaking for the people when I say that we would rather take a chance at doing something than a chance at a theory which was put forward during the debate—that God wound up the clock at the beginning and then threw the key away.

Paris, June 20, 1935.—A group meeting of the International Chamber heard very interesting conclusions regarding the results obtained by the Chamber's Court of Arbitration in the course of its 12 years of activity.

The eminent jurist M. J. M. Nicolas Politis pointed out in striking fashion the advantages offered to the business world by recourse to a procedure which permits the expeditious and inexpensive settlement of commercial disputes arising between business men of different countries. In 87 per

cent of the cases dealt with by the International Chamber's Court of Arbitration, the awards of the arbitrators are carried out voluntarily, without the law courts having to intervene. Against recalcitrant parties the application of international conventions can be successfully invoked, as Dr Robert Marx pointed out. Several speakers urged that the national legislations adopt uniform and liberal provisions regarding private arbitration. In this field the efforts of the Rome Institute for the Unification of Private Law are being followed with interest by the business world, which sees in the success of these efforts new guarantees in favour of the extension of arbitral procedure to all international commercial disputes. Homage was paid to the work of the Court of Arbitration of the International Chamber of Commerce which has succeeded in setting up a free jurisdiction in which are applied side by side with legal principles the principles of a practical, equitable and inexpensive system of arbitration to which business men involved in disputes with parties of another nationality are having recourse in an increasing degree.

LINING ROADS WITH RAILWAYS

Motor roads were discussed at the Transportation Group of the Congress yesterday afternoon. The meeting was presided over by Signor Agnelli (Italy), Head of the Fiat Motors.

The meeting expressed the view that long distance motor roads built to meet the requirements of industry and transportation should be designed to complete the principal railway system.

Provision should be made at the time of construction for connecting national road systems with those of neighbouring countries, so that an international network of roads corresponding to the needs of modern industrial requirements may be created by agreement between the various countries concerned.

Barriers to international commercial motor transport were also discussed: a report on this subject prepared by the headquarters of I.C.C. being submitted. It was pointed out that it was anomalous that commercial vehicles were subject to less freedom in crossing frontiers than private cars and proposals for obtaining an international convention to unify and increase existing facilities were made.

The International Telegraph Service Group met under the chairmanship of Mr E. van Rompa (Belgium). The meeting considered the existing international telegraph regulations from the business user's point of view.

The meeting deprecated the increased cost of telegraph service resulting from the Madrid Regulations for code and letter telegrams, and urged that these rates be reduced at the next Telecommunications Conference.

Further, it strongly urged the reform of the code regulations and requested the telegraph authorities to reject the proposal at present under consideration relating to the revision of the whole system of ratings, by establishing a single rate for code and plain language telegrams unless it can be definitely established that such a proposal would not have the effect of increasing the cost of telegraph services.

It was also opposed to the abolition of deferred telegrams considering that this would deprive the user of a useful facility without benefiting the telegraph administrations.

DISTRIBUTION AND PRODUCTION

At the Distribution Group meeting presided over by M. Laguonie (France), Dr Spitzer, General Secretary of the International Association of Department Stores, described the work of this organization which enabled the various member stores to profit by an exchange of practical experience.

M. Emile Bernheim (Belgium), Vice-Chairman of the International Chamber's Distribution Commission, stated that regular exchange of experience between department stores was most valuable and presented no difficulty whatever between non-competing firms. Dr Tiburtius (Germany) described the different forms of co-operation which had been introduced in Germany between large and small enterprises. Mr Edward A. Gilene (United States) said that the study of distribution must be undertaken from a dynamic point of view.

The meeting next considered the standardization of packing and articles as offering a field for collaboration between producers and consumers. Herr K. A. Schleusner (Germany) underlined all the advantages to be obtained from the adoption of standard types and standardized products. M. Wencel (Poland) pointed out that distribution

had not progressed in the same way as production. M. Roger Picard (France) referred to the important social role of the small shopkeeper who everywhere in the world is trying to defend himself against the encroachment of the multiple store by setting up co-operative purchasing organizations. M. A. Hedberg (Sweden) also referred to joint buying and to co-operative movements and finally, Signor Tagliacarne described the organization which the retailers in Italy had adopted for joint buying.

GOVT INTERVENTION IN INDUSTRY

27th June, 1935.—At the second plenary session of the International Chamber of Commerce Congress in Paris yesterday, State intervention in the organization of industry, and international cartels were the principal subjects of debate.

The Congress, which is being held at the Maisons de la Chimie, Rue Saint Dominique is being attended by over 900 business leaders from 40 countries.

Mr Harper Sibley, President of the United States Chamber of Commerce, spoke of the American experiments in controlling agricultural production. The American delegates he said, warmly endorse the efforts of Mr Roosevelt in his negotiations with various nations for the purpose of reducing trade barriers.

Herr Clemens Lammers, Chairman of the International Chamber of Commerce Committee on the Organization of Production and Marketing, stated that the task of his Committee was the study of the possibilities of organizing a stabler relation between production and consumption. This as a problem of which cartel organization only formed a part.

Until a few years ago, national and international economic discussions followed to a large extent the lines of pre-war conditions. It was believed that in principle the latter could be re-established, with certain modifications necessitated by the results of the war. Not even the Geneva World Economic Conference fully eradicated this illusion, as is shown by most of its resolutions. Not until the far-reaching economic depression of the last five years has the full extent of the pathological decay reached by world economy been disclosed.

GOVERNMENT MEASURES

Those developments compelled practically all Governments of the world to resort to

economic measures many of which imply radical interference with the production and marketing of a wide range of goods. The underlying tendency of these measures is to maintain national economies in their present position by means of State intervention. This tendency is in the long run bringing Governments to face the crucial question of determining which of the spheres of action of an economy hitherto left to private initiative they henceforward intend to submit to the full responsibility of State agencies or of State controlled agencies.

In all circumstances the principle remained true that there must be a reasonable relation between supply and demand. The difference in the past was that demand and supply were no longer allowed to develop with the same degree of freedom. As a result of obstacles to free marketing there was no means of regulating the distribution of commodities. Private planning therefore was confronted with many difficulties. After referring to the results obtained by cartel organization the speaker said that businessmen did not question the State's fundamental right to control but urged that Governments should recognize the necessity and the great value of voluntary co-operation between producers of various countries.

MOST EFFECTIVE MEANS

M. Louis Marlio (France), Chairman of the European Aluminium Cartel, said that industrial *ententes* properly directed were a protection for the consumer. They gave him the assurance of obtaining goods of good quality in sufficient quantities at stable and reasonable prices. The more rational organization made possible through cartels enabled the latter to reduce the cost price and this was passed on to the consumer. He agreed that Governments must have a right of general supervision in case of abuses but considered it would be highly dangerous if Governments were to attempt to fix or control prices in a permanent and systematic manner. The surest safeguard against abuses was the fact that such abuses always led to the appearance of outsiders whose presence exercised pressure on the cartel. For these reasons the speaker considered that compulsory cartels were hostile to the interests of producers and consumers alike.

RISE IN PRICES

In the course of his speech on International Aspects of Agricultural Production Mr. Harper Sibley, President of the Chamber of Commerce of the United States, referred to the fact that the World War had caused a sudden demand for foodstuffs and materials for the armies. As a result prices rose sharply and stayed high for a number of years. The newer export nations, he said, responded by an immediate increase of production. In the United States alone through the ploughing up of new land and the introduction of machinery more than 50 million new acres were made available for production of agricultural food and fibres. The same increase occurred in many other exporting nations. After the War the European countries gradually restored their own former volumes of production—with the result that between the new and the older countries production temporarily far exceeded effective demand. As world surpluses mounted and mounted the price structure finally and inevitably collapsed—wheat and other commodities touched the lowest point in years.

SUCCESSFUL EXPERIMENTS

In this crisis Governments were forced to take action to protect their own peoples. The natural importing countries imposed high tariffs, quotas and embargoes in the attempt to assist their own stricken farmers. Exporting nations eventually finding that price fixing above the world open market price was dangerous even impossible have made efforts to control their own production, thereby bringing supply into a better balance with demand.

The experiments in the United States have proved that as an emergency measure voluntary agreements between farmers to control production have been reasonably successful. But control of production in exporting nations inevitably raises costs of production—and barriers and quotas imposed by importing nations raise prices of foodstuffs artificially to consumers.

The American delegates to the International Chamber of Commerce warmly endorse the efforts of the President of the United States in his negotiations with various nations for the purpose of reducing trade barriers.

Kingdom, the total wheat and wheat flour imported falling from 235 million bushels in 1933-34 to 212 million bushels in the crop year just closed. Countries outside of Europe imported 137 million bushels against 122 million in the previous year.

Shipments overseas from North America showed a serious falling off and amounted to only 156 million bushels (147 million Canadian) as compared with 220 million in the previous year. Russian exports declined from 27 million to 3 million bushels. Shipments from other sources showed substantial gains—Argentina from 141 million bushels to 181 million, Australia from 90 million to 110 million, and the Danubian Basin, France and other countries from 47 million to 63 million bushels. As a result of the larger shipments from Argentina and Australia stocks of wheat carried over into the new season in these countries have been reduced to normal proportions and amount to 82 and 45 million bushels respectively. The carry-over in these countries then approximates very closely to the average for the ten year period 1925-34.

In Canada the season 1934-35 opened with total stocks of 194 million bushels, the 1934 crop of 276 million bringing total supplies to 470 million bushels. Domestic requirements of 100 million left 370 million bushels available for export and carry over. Of this quantity, 166 million were actually exported leaving 204 million bushels on hand at the close of the year. Exports in 1934-35 as shown by customs returns comprised 4,750,310 barrels of flour and 144,374,910 bushels of wheat. This is the smallest total reported in a period of fifteen years. With a recovery in world purchasing power and reduced crops in other exporting countries, it seems improbable that this low level will soon be repeated. Customs returns include wheat shipped from Canada but still held in United States elevators and exports to the United States for domestic consumption, the latter reaching nearly 17 million bushels during the past crop year as a result of the drought.

Wheat production in 1935 in the Northern Hemisphere, exclusive of Russia and China, is expected to be about 5 per cent greater than last year. In European countries other than Russia, conditions indicate an increase of 55 million bushels over 1934 and nearly 75 million over the average produced

during the past five years. Larger wheat crops are reported in Italy, Germany, Czechoslovakia and the four Danubian countries, and smaller crops in France, Spain, Portugal and most northern countries. While prospects in North America have been substantially reduced by rust and drought, indications are that the total harvested in this area will be somewhat larger than last year. The United States official estimates showed a reduction of 123 million bushels between June 30 and July 31. This crop is now placed at 608 million bushels much of which may be of poor quality. In 1934 the final outturn amounted to only 497 million bushels. Consequently, it may be necessary to continue importations of wheat from Canada during the coming year.

Prospects in the Southern Hemisphere are still uncertain. In Argentina about 50 per cent of the wheat zone has been affected by drought, seeding operations have been seriously hampered and germination has been poor. Conditions in Australia have improved, following beneficial rains in many sections, but more moisture is required. It, therefore, seems apparent that production in the Southern Hemisphere will be considerably smaller than last year.

AGRICULTURAL PROSPECTS 1935

During the past month prospects for the Western wheat crop have deteriorated rapidly as a result of damage from stem rust, drought and frost, until now there are large areas that will not be worth harvesting and other large areas that will return far less than an average crop. Estimates of the damage range from 15 to 20 per cent and it is not expected that the yield will exceed 300 million bushels. In 1933 and 1934, drought ravaged the whole of North America and the wheat crops in these years were estimated at 282 and 276 million bushels respectively. For the fifth time in seven years the Canadian wheat crop will fall far below the long term average.

Manitoba suffered most severely from rust, where it made rapid progress in all parts of the province. The infection is generally agreed to be the heaviest in history. Bread wheats have fared badly, all varieties having rusted. Durum wheat has been affected but not so seriously and may give a 75 per cent crop. Barley and oats carry some rust, although damage to these crops has not been so serious as to wheat.

In Saskatchewan, rust struck promising fields in the south-eastern sections and drought caused losses in the south-west. A wide strip of heavy wheat acreage running through the centre of the province from north to south still had fine prospects in August, although rust infection was spreading westward and northward. This area includes approximately $6\frac{1}{2}$ million acres, or slightly more than half the total acreage sown to wheat in the province.

While no rust has been reported in Alberta, drought, hail and frost have reduced the probable outturn. Declines were general in southern and eastern districts. In the north-western section and the Peace River district warm, dry weather brought considerable recovery from the effects of the very late season and unusually heavy rains, but August frosts have caused damage which cannot yet be accurately estimated.

Crops in British Columbia give indication of average returns. The yield of small fruits was good. A slight increase is expected in the yield of pears and the apple crop will be about the same size as last year. Soft fruits have not done so well.

In Eastern Canada crop conditions are much more favourable than in the Prairie provinces. In the Maritimes, weather conditions have been generally favourable to growth and grains promise excellent

yields. Haying operations were retarded by rain and the yield was spotty and below average. Potato plantings were reduced because of the unsatisfactory outcome of last year's operations, the condition of the crop is below average as a result of too much moisture and the outturn will be considerably smaller. Apple orchards have developed satisfactorily and the crop is expected to be substantial and of good quality. The market outlook is favourable, as domestic supplies of apples in England and the Continent are reported to be smaller than last year.

In Quebec, all crops are in about average condition. Hoed crops are not as promising as grains. Ontario farmers will harvest crops of nearly average size, with spring grains, sugar beets, hay and pastures particularly good. The yield of fall wheat is estimated at 13,267,000 bushels. This is a substantial increase over the crop of 6,724,000 bushels harvested in 1934, but is still somewhat smaller than the ten year average of 16,666,000 bushels. The quality is quite variable, with a considerable portion of the grain small and somewhat shrunken. Small fruits gave excellent yields. The apple crop is placed at 426,000 barrels against 321,000 last year and other tree fruits, with the exception of pears, promise larger returns than last year.

CANADIAN INDICES

(1926=100)

	1933				1934				1935		
	Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar	June	July
Physical volume of business	68.4	82.2	90.8	86.2	93.1	93.8	97.1	92.4	91.2	99.2	
Industrial production	62.5	79.8	90.2	85.1	92.0	95.2	97.5	91.0	93.3	99.7	
Mineral production	91.4	95.0	123.7	118.2	149.0	127.3	132.9	121.8	147.4	138.4	
Forestry	60.7	79.2	88.0	88.4	100.3	100.1	93.8	110.3	97.1	103.7	
Iron and Steel	25.4	34.5	43.5	45.1	64.3	70.3	59.8	40.7	90.2	73.2	
Electrical energy generated	134.4	149.0	148.9	156.5	176.0	183.7	162.7	188.8	199.5	197.4	
Construction Contracts awarded	18.0	19.8	32.5	41.6	46.3	29.1	48.2	30.8	54.7	47.1	
Cost of construction	87.5	89.7	85.3	85.2	84.3	86.4	85.6	81.8	80.6	81.0	
Employment	76.9	80.7	88.5	91.4	92.7	96.6	98.8	98.0	96.4	97.6	99.5
Distribution	84.8	88.0	92.6	89.3	96.3	97.5	96.2	96.1	96.8	97.8	
Carloadings	61.8	66.8	63.9	69.4	74.3	73.4	67.9	65.7	73.3	70.6	
Exports	51.1	65.3	83.8	53.5	73.0	77.1	82.8	61.6	73.8	70.0	
Wholesale prices	64.4	67.6	68.9	69.0	72.0	72.1	72.0	71.2	72.0	71.5	71.5
Prices—Canadian farm products	52.7	52.6	54.7	53.3	56.5	59.3	61.3	61.6	62.7	61.4	61.5

Educational Notes.

By B. Venkatesa Sastry, B.A., B.T.

The Future of Education.

Speaking on the subject of "The Future of Education", at the Teachers' Association at Saidapet Dr Arundale made a very useful and instructive criticism of the present day education and gave suggestions for future development of education on proper lines. He said that the present day education does not produce citizens, young men and women, capable of standing up to life, earning their living, and going through life successfully, meeting their difficulties and obstacles with courage and triumphant faith, and said that education should comprise the study of the science of the physical body, the science of the emotions, feelings and desires and the science of the mind. Regarding the study of the science of the physical body he said that the chief aspects of the study should be simplicity, alertness, agility, endurance and purity. He emphasised that the science of food should be thoroughly studied, that the science of emotions should be taught from the early stages of the educational career, so that they might learn to be masters of their feelings and desires, rather than be slaves. He then pointed out the necessity of inclusion of the science of mind in the curriculum of studies. Other subjects of study which were very important were citizenship and religious education. As regards religious education, he said that a student should be enabled to see not only the beauties of his religion but also those of other religions.

It will be seen from what the learned doctor has said that a sound system of education should include within it the study of the sciences of the body, the emotion and the mind, the study of citizenship and that of comparative religion. By including these subjects in the curriculum, an attempt would have been made to give a sound education, for producing the right type of citizen of the future.

AIM OF EDUCATION

Much has been said on this subject of

the aim of education, but whatever might be the form in which this is explained, all of them mean almost the same thing, namely, making boys and girls use their hands and brains usefully. Various means are employed to achieve this aim. Encouraging children to observe nature, produce something artistic, by way of drawings, paintings etc., collection of interesting objects that could be obtained in nature, to develop useful hobbies etc.—these are some of the ways in which we may make young students use their hands and brains.

The Madras Boys Exhibition is a very useful institution, and is being organized annually for encouraging boys to cultivate the fine arts and crafts and to bring about friendly competition among them.

Mr H F Saunders, the Director of Public Instruction, Madras, in declaring open the Exhibition this year, said, The aim of our schools should be not so much to train boys and girls to pass examinations as to train them to use their brains and hands, and not to be ashamed of using both. The attitude that it was beneath one's dignity to use one's own hands for doing a thing should go.

He continued saying that the cultivation of hobbies was of great value, and that apart from having the satisfaction of having done some useful thing, those who had taken to some hobby could face the world and make up their minds as to their future career.

In fact, hereafter we have to insist on boys to do things on their own initiative, and encourage them to develop some hobby in which they are interested. They should be encouraged to prepare some artistic thing or other, to get themselves interested in some crafts and to develop an interest in them to do things of their own accord, using their hands and brains and that would be real and useful education.

Economics in the West.

Business in a Troubled World.

London, September 1935.—It was to be expected that the balance of international payments and receipts of the United States in 1934 would show important changes as compared with earlier records, seeing that it was the first full year of operation of a heavily depreciated dollar. In the early months of 1933 the dollar was quoted in the foreign exchange markets at its long-standing gold parity, and for the rest of the year depreciation in terms of gold was progressive, and the outlook highly uncertain. At the end of January 1934, however the new gold parity for the dollar was formally

adopted, and throughout the year the depreciation, in terms of the former gold parity, remained close to forty per cent. In respect of the gold value of the dollar, then, the conditions of international business intercourse were more settled, and the trends of various dominant items in the balance of payments accorded more closely than in 1933 with theoretical anticipations. Detailed estimates of the component items have now been published by the United States Department of Commerce, and they are tabulated in the two statements given below.

Summary of United States Balance of Payments, 1926-34

(Millions of dollars)

Import (-) or export (+) surplus on current account —	1926	1927	1928	1929	1930	1931	1932	1933	1934*
Commodity trade	+291	-86	+225	+711	-714	+284	-247	+148	+481
"Invisible" items	-135	-79	-200	-264	-85	-121	-116	+67	-15
Net surplus available for investment abroad	-156	-165	+125	+447	+629	+160	-131	+215	+466
Changes on capital account —									
Net long term lending to† (-) or borrowing from (+) abroad	-602	-723	-662	-137	-267	-219	-217	+49	+202
Net short term do	+350	900	-188	-89	-485	-709	-409	-385	+184
Net import (-) or export (+) of U.S. paper currency	-40	-75	-40	-18	-20	-10	-80	-90	-48
Net outflow (-) or inflow (+) of capital	-292	-122	-890	-232	-732	-500	-272	-420	+374
Net purchases (-) or sales (+) of gold	-72	154	+272	-120	-278	+150	-11	+173	-1217
Net purchases (-) or sales (+) of silver‡	—	—	—	—	—	—	—	—	-80
Residual item	+208	-783	-107	-95	-381	+164	+152	+38	+499

* The 1934 figures, in particular, are subject to revision.

† This term must be read as including repayments of previous borrowings abroad, while similarly 'borrowing from abroad' includes foreign repayments of previous borrowings from the United States.

‡ Silver movements are included in commodity trade until 1933.

The fact that gold movements are expressed in the tables in terms of dollar values, without any adjustment to the change in the statutory price of gold, serves as a reminder that in terms of gold the dollar was a different thing in 1934 from what it was in previous years. In another sense, however—and much more important in the long run—the dollar is rarely the same thing two years running. In terms of goods it varies widely, even though in terms of gold it may remain the same. Thus in 1933, the dollar bought far more goods and services than in 1929, and last year it bought substantially less than in 1933. This variability of the real

value of the unit in which the accounts are rendered adds to the complexities of interpretation over all longer and some shorter periods. Yet the mere unadjusted dollar computation of the items has great importance, since all liabilities, both short- and long-term, are measured by and have to be settled primarily by transfers of the unit, and are not directly related to quantities of goods and services.

Perhaps the most instructive fact about the merchandise movements of recent years is that the expected effects of exchange depreciation of the dollar were delayed. A year ago, in our usual article on these figures,

United States Balance of Payments, 1928 1933 and 1934

Dr	(Millions of dollars)				Cr		
COMMODITY TRADE							
	1928	1933	1934		1928	1933 1934	
Merchandise imports	4 091	1 450	1 150	Merchandise exports	5 128	1 670 2 103	
Purchases of bunkers and similar expenses	40	20	21	Sales of bunkers and similar receipts	90	48 49	
Imports of silver	68	60	—†	Exports of silver	87	10 —‡	
Miscellaneous items and adjustments	204	82	64	Miscellaneous items and adjustments	23	18 30	
	<u>4 408</u>	<u>1 612</u>	<u>1 240</u>		<u>5 333</u>	<u>1 760 2 221</u>	
OTHER CURRENT ITEMS							
Freights paid to foreigners on imports	227	60	96	Freights received on exports	147	49 61	
Expenditures abroad of travellers from U.S.	715	292	314	Expenditures of foreign visitors in U.S.	163	71 94	
Immigrants' remittances abroad	250	110	105	Amounts brought in by immigrants	20	3 5	
Payments on foreign long term investments in U.S.	252	100	120	Receipts from long-term investments abroad	817	444 430	
Payments on foreign short term investments in U.S.	107	3	1	Receipts from short term investments abroad	76	73 21	
Government payments abroad, etc.	110	80	68	Government receipts on account of war debts*	207	20 1	
Charitable and other contributions abroad	51	25	24	Other Government receipts	53	32 39	
Cinema film royalty payments	6	—	5	Cinema film royalty receipts	70	70 25	
Other items	158	20	33	Other items	118	30 28	
	<u>1 876</u>	<u>700</u>	<u>771</u>		<u>1 676</u>	<u>767 706</u>	
CAPITAL MOVEMENTS							
New U.S. investments abroad	2 048	626	453	New foreign investments in U.S.	1 781	767 522	
Purchases of U.S. securities etc. held abroad	1 130	580	480	Sales of foreign securities etc. held in U.S.	449	065 510	
Redemption and sinking fund payments	70	50	25	Redemption and sinking fund receipts	361	173 128	
Decline in net short term debts of U.S.	184	—	—	Decline in net short term assets of U.S.	—	— 184	
Addition to net short term assets of U.S.	—	380	—				
Net imports of U.S. paper currency	40	90	43				
	<u>3 481</u>	<u>1 931</u>	<u>1 006</u>		<u>2 591</u>	<u>1 505 1 344</u>	
GOLD MOVEMENTS							
Imports	169	193	1 187	Exports	561	267 53	
Releases from earmarked accounts	188	1†	83†	Earmarkings on foreign account	68	— —	
	<u>357</u>	<u>194</u>	<u>1 270</u>		<u>629</u>	<u>267 53</u>	
SILVER MOVEMENTS‡							
Imports	—	—	103	Exports	—	— 17	
Residual item	107	—	—	Residual item	—	38 499	
	<u>10 229</u>	<u>4 437</u>	<u>4 890</u>		<u>10 229</u>	<u>4 437 4 890</u>	

* Including principal amounting to \$ 49 millions in 1928

† Net balance of all earmarking operations in the United States on foreign account and in other countries on American account

‡ Silver movements are included in commodity trade until 1933 and in a separate account (below) for 1934.

it was shown that, by reason of the uncertainties of the position imports in 1933 were actually larger in volume than in 1932, while exports showed no expansion. In 1934, however, when uncertainties regarding the gold value of the dollar were largely removed, the influence of exchange depreciation became far more clearly expressed: exports increased by eight per cent in volume, through a large expansion of sales of manufactured goods, and imports were unchanged. But for widespread exchange and other restrictions the expansion in exports would doubtless have been even more pronounced. The delayed effects of exchange depreciation provide a parallel to the experience of the United Kingdom, for our exports did not increase very materially in volume for a year or so after our departure from gold. Again, as in Britain so in America the volume of external trade is still woefully small, on this measurement, United States exports are only a little more than one-half and imports only two-thirds, as large as in 1929. In terms of value, last year's trade movement yielded the largest export surplus since 1930, indeed in proportion to total trade turnover the surplus was the largest since 1921. This, having regard to the fact that sterling was undoubtedly over-valued in relation to the dollar in 1930 is strong supporting evidence of the generally accepted view that exchange quotations in 1934 represented substantial under-valuation of the dollar.

On merchandise account, then, the transactions undertaken last year considerably enlarged the outstanding claims of America on the rest of the world. The surplus moreover, was not, as in most previous years partly off-set by an excess of payments on current 'invisible' accounts, for depreciation of the dollar served as a check on the expenditure of American tourists abroad just as much as on imports of goods. On the current accounts as a whole, therefore, America's surplus of receipts over outgoings was heavily increased, a result which has to be attributed mainly if not wholly to the exchange depreciation of the dollar. Observing moreover, the clear distinction between the uncertainties of a condition of 'depreciation' and the relative conclusiveness of statutory 'revaluation' the step taken on January 31 1934 had far more striking effects on the capital items in the account, and made the process of settlement far more

spectacular than the size of the current account surplus would by itself have warranted.

For the first time since 1927 there was in 1934 an inflow of short-term funds into the United States. In part this represented the repatriation of American-owned funds previously remitted abroad in anticipation of dollar depreciation, in part the replenishment of foreign-owned funds in the United States which had reached a practical minimum, and in part the remittance of foreign funds seeking relative safety in a dollar by then more or less fixed in gold value. On account of long-term capital too, a net receipt of funds was recorded though this is by now nothing unusual, for 1934 was the fourth successive year of an inward trend. Translating into simple terms the figures of long-term capital shown in the detailed table America in 1934 invested abroad on long-term account about \$450 millions but received in liquidation of former external investments nearly \$650 millions: foreigners liquidated about as much of their long-term investments in America as the amount they newly invested there so that on balance America's long-term investments abroad were drawn on to the extent of about \$200 millions. Thus although on account of both long-term capital and short-term funds America remains a creditor nation—in immensely strong creditor on the two accounts combined—she reduced her external assets by a substantial amount during 1934. The figures shown in the summary table, moreover—approximately \$200 millions each for both short and long funds—are an understatement. Many transactions of this general type, by reason of the special circumstances of the time, escaped the usual records which provide the basis for the estimates. Accordingly, much of the unusually large residual item which has to be accounted for by errors and omissions represents otherwise unrecorded movements of capital and short-term funds. Probably, then, the net liquidation of America's external assets amounted to \$600-900 millions for the year—the first time on record that both groups of external assets have been substantially reduced.

It would then be as true as any extreme simplification can be to say that depreciation of the dollar caused a marked expansion of America's current account surplus, while devaluation caused a heavy inflow of funds on

capital account. Both movements are to be associated mainly in a causative capacity with an enormous net inflow of gold—an inflow larger even at the former dollar valuation than in any previous year and surpassing in terms of current dollars the net addition to America's stocks over the entire period from 1919 to the end of 1933. Roughly speaking two thirds of the 1934 inflow represented a movement of capital and short term funds into America and one-third the settlement of amounts due to America on current account.

THE RECORDS AND THE IMPLICATIONS

So much for the record of 1934. Evidently the trends there shown though clearer than in the previous year, can hardly prove lasting so far at least as they are attributable to the momentary act of devaluation. Consequently any light which can be thrown on the movements of the current year has a special quality of illumination. It is to be hoped that the Department of Commerce will publish in 1935 as in 1934 a rough approximation of the main balance and payments items for the first half of the year but meanwhile some important figures are available. Comparing the first six months of this year and last the total value of exports is practically unchanged but the similarity in the total covers significant component movements for sales of finished manufactures have increased while the offsetting fall has occurred in food and raw materials. Imports on the other hand have increased considerably mainly as a consequence of drought and enlarged industrial activity. The export surplus has declined on the half year by about \$170 millions. From these movements along with relative price fluctuations the conclusion may be drawn that the foreign exchange value of the dollar while still conferring some trade advantage on America through undervaluation is nearer to the true relationships than it was a year ago.

Pursuing material for this year the expenditure of American tourists abroad may be larger than a year ago and it seems likely that a smaller surplus is accruing on all current items taken together. Part of this surplus is being devoted to the purchases from abroad of large quantities of silver at higher prices than its unexpectedly fortunate prior owners could have hoped to receive. For the reason that silver has now been accorded a special status in America ap-

proaching that of a full monetary metal a separate item is given in our table for the transactions undertaken in 1934. In the first half of this year net imports of silver have amounted to \$80 millions about as much as for the whole of last year. This however probably does not absorb the whole of America's surplus on current account and since on balance the remainder has not been lent abroad gold has continued to flow in. Indeed the addition to America's gold stock from foreign sources this year has far exceeded the probable credit surplus on current account for it amounts to no less than \$800 millions.

From this figure it will be observed that the rate of inflow of gold has been even more rapid than in 1934 taken as a whole. Whereas in that year America absorbed one-and-a-half times the outside world's gold output in the past half year she has taken very nearly twice the quantity produced. And this notwithstanding a smaller current account surplus. Evidently the capital movement has been strongly towards America—presumably less at the instance of Americans than foreigners. Dollars must have been bought in very large quantities either for holding in liquid form or for long term investment. The movement indicates a remarkable recovery of confidence first in the durability of the new gold value of the dollar, and secondly in the capacity of the country to carry to a successful issue its lately more encouraging efforts at revival.

The absorption of gold on the vast scale recorded this year and last is thus largely involuntary from America's point of view. But so far as it results from an uninvested current account surplus it is to some extent within America's own control. To countries off the gold standard and sharing in the profits of the gold mining industry the position presents an important advantage—the existence of a buyer able and willing to take any amount of gold at a fixed and profitable price obviously suits those concerned in producing the commodity. But in the longer view of the needs of those countries to whom the gold standard is vital the position gives rise to grave difficulties and a restoration among these countries of satisfactory financial and economic conditions is rendered the more problematical by America's continued and heavy absorption of gold. For this reason as well as for the prospect of re-expansion of general world trade it is an

couraging to observe some signs of more liberal reconsideration by the American authorities of their external trade policy.

UNITED STATES TRADE POLICY

In this respect a document recently published by the Department of Commerce is of particular interest. It is a memorandum on 'Factors affecting Foreign Trade Policy', prepared by officials of the Department on the suggestion of a committee of its Business Advisory Council. It was designed to provide 'a factual basis for the determination of a sound (or, in another passage, 'consistent') foreign trade policy', but happily it goes beyond facts to their interpretation. In particular, it accords recognition to some basic principles of international economies which, oftentimes in America as elsewhere, have received but scant attention. The interesting estimate is put forward that between eight and ten per cent of America's output of movable goods is for export—a far lower proportion than would apply to this country, yet one that provided directly in 1931 for the employment of 2½ millions of people. It is suggested that for purposes of economic recovery and sustained progress America's export trade should be enlarged; the memorandum recognizes that the exchange depreciation of the dollar conferred upon America a competitive advantage in world markets' and placed a check on imports and emphasizes the desirability of raising the efficiency of America's merchant marine which at present carries no more than 35 per cent of her trade. All these statements, it will be observed, seem to ignore the perpetual difficulty established by

America's heavy and frequently uninvested surplus on her current account. Moreover, the policy of tariff reductions under reciprocal trade agreements, which has been assiduously pursued in the past year or so, clearly is not designed to expand America's imports without a compensating growth of exports.

On the other hand, the memorandum does lay it down with exemplary clarity that a creditor country must be prepared to accept the service of her investments and that, since debtors cannot go on indefinitely paying in gold, the position inevitably means an increase of imports. It passes on to the principle that the United States must practise 'scientific selection' of imports so that non-competitive raw materials are dominant among them and appears to hint at the desirability of severe reduction of war debts. Thus the memorandum seems to suggest that more liberal views are gaining ground in respect of trade policy and its inevitable association with monetary and investment practices. It appears to indicate too that the voices of two or three cabinet members which have frequently been heard guiding opinion in that direction have something more than scattered individual conviction behind them. If this is so the prospects in the remote future for enlarged international trading intercourse are by the same measure increased. The economic policy of a country which transacts one-tenth of the world's international trade cannot but exercise a strong influence on the condition of the world at large.

(Concluded from page 559)

sumer, who is so often mentioned in discussions but always forgotten where he is most concerned. How will any new deal affect Indian markets abroad—say, for instance, Japan under the Indo-Japanese Agreement? Whatever the Millowners may do, they should see to it that the Indian position as to the development of the local industry is not jeopardised. Both as investors

and as consumers, Indians millions have a potential voice in the settlement of this big question. A trade agreement may be one thing, but Imperial Preference may mean not only irritation but also opposition. Any dictation from outside would mean misunderstandings and misapprehensions over a wider range. That way danger lies

Current Comment.

By "Scrutator"

As we write, the Italo Abyssinian position crisis is being reached. As between the two parties—who agreed on a perpetual friendship not many years ago—there can be no question that Italy comes second best. Much water has flowed under the bridge since these thirty days to show that Italy has been long preparing for this War. Vengeance how sweet than art! Adowa to be avenged—that is the slogan. Right or wrong Italy seems bent on it and the League has been powerless. The question of sanctions has split the Labour Party in twain—there are the pro-sanctions men and there are the no-sanctions men. Lord Ponsonby, Sir Stafford Cripps and Mr. Lansbury belong to the latter category and the National Executive to the former. The Brighton Labour Conference has not clarified matter. It seems as though the League will be supported in her action against Italy but the Labour Party will have to go without the services of these adherents. However that may be, an unprovoked attack like the one contemplated by Italy cannot go unpunished. If there is to be a moral governance of this world, action of this deliberate kind breaking up Italian life as much as Abyssinian, seems to call for the strongest condemnation from every nation—civilized and backward—in the world. Sanctions need not it is said mean violent application of force. Short of force, everything seems permissible. But what about its repercussions? They are bound to be deleterious to a degree. But are they to come in the way of meting out justice to Abyssinia? That seems to be the main question at issue. Italian ambitions seem colossal if the newspapers are to be believed. There may be gross exaggeration in the reports issued, but there is not much to be said, even allowing for this in favour of Italy even so far as it acknowledges the charge against her. What makes the position greatly deplorable is that Italy has nothing more definite to urge than that Abyssinia is a 'savage' nation and that she herself is a civilized one and hence she should be allowed to wipe out Abyssinia. An argument is obviously untenable and Abyssinia is entitled to protection. The League cannot back out of its position. All honour to it for so gallantly sticking to her

post of duty, even with the tremendous odds against her.

* * * * *

Italy may be in a hurry to win her objectives. But it is a question if she can succeed as she thinks she can. A short campaign, Abyssinia suing for peace, and Italy dictating it under the walls of Addis Ababa! This seems visionary having regard to the conditions under which the fight is to go on. Meanwhile, things are not so very easy for Italy. According to a leading continental paper, Italy's financial position is anything but brilliant. The trade and payments balance is constantly negative and the deficits very high. The budget has never been seriously balanced, the public debts are rising and gold reserves dwindling. The paper continues to say that if the expenditure is continued at the present rate, Italy will soon be forced into monetary inflation. What this means may well be imagined, especially in the circumstances she is, and she will be before long, if she declares war. Never was war more dangerous than to-day.

* * * * *

Another year has gone round and Mahatma Gandhi has reached his 67th year. May he be blessed with many more happy returns of his birth-day! From every point of view, he has been a great worker. In the political, the social and the industrial, he has been an extremely valuable asset to the nation. To-day his reputation stands higher than ever before. He is not only the greatest Indian of his day but also the greatest humanitarian of his day, not only the greatest humanitarian but also the greatest peace-loving man of his day. Who has taught better the doctrine of *Peace Absolute Peace and Inevitable Peace* than he in this warring world of ours? He deserves an international thanksgiving, for, the nations have been taught by him to learn that force is no remedy, however high the place to which force may be made applicable. Even for righting a wrong or for punishing a wicked man, force can be no remedy. That is the doctrine he has preached and that is the lesson that the nations of the world—the 'civilized' more than the 'backward'—want to-day.

* * * * *

Topics in the Journals.

Lancashire and India

Lancashire has a hard road to tread in winning back lost trade in India is the view of Mr G D Birla the Indian cotton magnate now visiting this country to whom I talked about trade relations between the two countries writes the London correspondent of the *Manchester Evening News*

Lancashire's three great obstacles in India according to Mr Birla are—

THREE OBSTACLES

India's economic advantages are having raw materials ready to hand and modern methods in her up-to-date mill

The fact that duties on imports are one of India's main sources of revenue and under the new constitution will need to be much larger

Japanese competition which the Indians themselves find difficult to combat

THE FUTURE

I asked him to talk about Lancashire's future and he said in discussing that you have to consider the dereliction of trade between India and Great Britain. It may be that the future will see trade together in different directions to those that have been followed in the past. There are more things than cotton to consider. It may be that the fall but something different from each other.

You must remember that the trade pact regarding *Manche ter good* as turned down by the Assembly simply because popular opinion in India is not consulted before that pact is entered into. The Government nevertheless of error in the matter to the Indian mercantile community.

FIRST DIFFICULTY

The first big difficulty that Lancashire has to meet in India is that our country's benefitment protection is not. I think that is natural. We have got raw cotton and a home market and we want to meet the demand of our own country as much as we can. That demand must be recognized as just by Lancashire interests. I think it was recognized by the *Clare Lee* mission.

The second obstacle to Lancashire is our great revenue needs. Under the new constitution the exchequer demands will be still greater. Where all this money to come from? As far as the Central Government is concerned, customs duties are the main source of revenue.

Lancashire's third difficulty is Japan. In spite of our 50 per cent duties we still cannot compete against Japan.

PURCHASING POWER

There are three things in Lancashire's favour however. That is that at present the consumption means a new sort of life for human beings. The choice before us is war or a new world—a rational liberal collective world with an ever rising standard of life and an ever bolder collection of enterprises in science and art in the service department of life.

The Italo-Ethiopian Dispute.

Under the title of *Abessinians and Italy* the Information Department of the Royal Institute of International Affairs has published a very useful dossier of the dispute between Ethiopia and Italy. The first two sections deal with pre-war relations and the international status of Ethiopia between 1913 and 1934. The mere enunciation of the different stages in the development of Ethiopia's relations with the outside world throws into strong relief the anomalies that are characteristic of everything connected with the country.

In the Anglo-Italian Agreement of 1891 and 1894 almost the whole of Ethiopia was recognized as belonging to the Italian sphere but an Anglo-Ethiopian boundary treaty of May 1902 gave Great Britain certain rights in this Italian sphere. The three Powers Great Britain France and Italy returned to the subject in 1906 and by the Tripartite Agreement of that year undertook to maintain the *status quo* as defined in the existing bilateral treaties among those mentioned before the Anglo-Italian agreements of 1891 and 1894. One clause or paragraph of this treaty provided that in no case shall one of the three Governments interfere in any manner whatsoever except agreement with the other two. Another stipulated that in the event of the *status quo* being disturbed France Great Britain and Italy shall make every effort to preserve the integrity of Ethiopia in 1902.

When Italy proposed to the British Government that the latter return for Italian support of the British claim for the construction of a dam at Lake Tana should support an Italian claim for a railway east of Addis Ababa the proposal was rejected chiefly on the strong objection felt to the idea of allowing a foreign Power to establish any sort of control over the headwaters of rivers so vital to the property and even the existence of Egypt and the Sudan but in 1903 the decision of 15 years previously was reversed and Great Britain undertook to recognize an *excavation* on the *frontier* of Italy in the wetland in the hole of the territory to be crossed by the railway link. *Ertrera* the Italian Somaliland was to be built to the east of Addis Ababa. This 1903 agreement eventually ran counter to the 1906 Tripartite Treaty as it was concluded without reference to France. In the event of the Ethiopian protest it became necessary for Great Britain and Italy to revise the interpretation of the document and both retracted its scope. In the new modified terms the Italian Government stated that the agreement binding solely on the Italian and British Government and that it cannot detract from the right of the Abyssinian Government to take such decisions as it may think fit on all the possible aspects of the third part. The

Recent Economic Publications

National Public Works, Vol II

Published by the League of Nations Geneva 235 pages Price 8s 2s

The Communications and Transport Organization of the League of Nations has just published a second volume giving the most recent result of its enquiry into national public works.

The first volume on national public works was published at the beginning of this year. It contained the replies of thirty-nine governments to questionnaires which had been submitted to them by the Communications and Transport Organization with the approval of the Council of the League of Nations. These questionnaires had been drawn up to pursue an enquiry the first impulse for which came from the International Labour Organization.

The enquiry was designed to furnish information on public works undertaken in various countries since the beginning of 1929 (completed course of execution or in preparation) the principal administrative method followed the principal methods of financing the allocation of expenditure on execution of the works as between materials and equipment on the one hand and labour on the other the governments' opinion with regard to the effects obtained or expected on the resumption of economic and industrial activities and on unemployment. Governments were asked to classify the work by categories as follows—Roads and bridges railways and cultural land reclamation canals and other inland waterways land improvement work provision for drinking water supplies and sewage disposal work carried out in sea and river ports establishment of airports building work electric installations gas works and gas supply telegraph and telephone installation and wireless broadcasting stations and other works.

The second volume which has just been published contains the replies of the following countries: Chile China Egypt Ethiopia Hungary India, Irish Free State Poland and Sweden. Supplementary information is furnished by certain governments who also reported also appeared in the first volume. These are Australia Denmark France and the Union of South Africa.

The first volume contained information with regard to the following countries: Australia Austria Belgium United Kingdom of Great Britain and Northern Ireland Bulgaria Canada Czechoslovakia Denmark Estonia Finland France Greece Haiti Iraq Italy Latvia Lithuania Luxembourg Netherlands New Zealand Nicaragua Portugal Salvador Switzerland Turkey Union of South Africa United States of America and Yugoslavia.

The two volumes taken together thus furnish an important collection of information on the public works which are in course of execution or in preparation in thirty-eight countries situated in different continents of the world.

This enquiry owes its origin to the initiative of the International Labour Office which was the first to suggest the value of international schemes of public works as a remedy for the depression and for unemployment. Investigations were accordingly made on this subject and further on the importance of national programmes of public works. In September 1933 the Council of the League took

note of the studies which had already been made in this field by the Communications and Transport Organization and stated that a continuous international study of general questions relating to public works including big programmes not yet financed out of the national resources would undoubtedly be of value as permitting of a comparison of the experience acquired in different countries particularly as regards the effects of the execution of such public works on the resumption of economic activity and on unemployment.

It was in order to supply this comparable information that the documentation contained in the two volumes on National Public Works has collected.

A report adopted by the Assembly of the League in 1933 expressed a similar view. It stated that such information should enable governments to judge of the possibilities and desirability of pursuing under present conditions a policy of carrying out programmes of public work on parallel lines. The Assembly was of the opinion that in the period of distress through which the world was passing such a question would undoubtedly be of great interest to the public and to governments in most countries.

World Economic Survey 1934 35

Published by the League of Nations Geneva Price 6s Bound cloth 7s 6d

The Secretariat of the League has just published a volume of 310 pages entitled *World Economic Survey 1934-35* reviewing the main economic and financial events of the twelve months up to and including July 1935. This volume is based on information collected by the League's Economic Intelligence Service and is a continuation of the edition published the three previous years.

There are nine chapters. The first of these is a general statement of events during the period under review which the author refers to as a year of instability. It mentions the harmful effect of the currency war the limits of national movements toward economic recovery the New Deal in the United States the recovery in sterling countries and the defence of the gold bloc group. The other chapters concern respectively price movements 1934-35 the adaptation of agriculture the recovery in industrial production the part played by the "age-adjustment" in the economic recovery the reorganization of international trade the problem of international stability the technical situation of the market favouring credit expansion and the economic position in July 1935.

A large amount of interesting economic and financial information of which one can only give a few examples will be found in this volume.

The flow of capital throughout 1934 to and the United States continued with a growing increase in the export of goods from that country to considerable movement of gold to and the United States amounting in 1934 to a total of 1132 million dollars and during the first five months of 1935 to 566 million dollars. In addition to this flow of gold there were purchases of 86 million dollars of sterling in 1934 and 6 million dollars during the first five months of 1935.



Books in Brief

Short Reviews of Recent Books

Small Scale Production in India.

By V. C. Ramakrishna Aiyar B.A. A. Namalaya University Published by Messrs. Williams & Norgate Ltd. Price 2s 6d net

This is a sensitive study in India's industrial organization to which Mr. Henry Clay Professor of Economics at the University of Madras contributes a Preface. The theme of the book is a well worn one but since industrial development in a less country should be broad based Mr. Ramakrishna's plea for a closer investigation of small scale production is not without its merit. If the social system which life based in this country is not to be broken up a mode of development that is keeping vitalities needed. The social aspect of the matter which makes us pause and think if the factory industry can be made the final type for production on all over the country with all its attendant evils. Another point to which Prof. Clay draws attention is that the change from small to large scale production leads to a change from rural to urban and to social. The break-up of the normal social life and the change to city life are two of the results that are prominently involved in the change. How to neutralize these two undesirable elements of the change over from small to large scale production? What may not break up of social life and rural depopulation in this country do to disturb the social and political order. Cannot agriculture and industry be combined what may be called judicious proportions. That is the problem that is attacked in this practical study of a complicated subject. Mr. Clay thinks that Mr. Ramakrishna suggests to that the compensation of the little extraneous and rural industries in India can be rendered efficient and helped to survive the keen competition they today suffer from the effect of urban large-scale production. Such a consummation is devoutly to be hoped for if the worst evils of modern factory life in the West are to be avoided in this country. Mr. Ramakrishna builds his hope on co-operation to achieve his ends. But co-operation in India requires education for its aid. Also a more efficient type of organization at the top to deal with rural education. The breakdown of co-operation has come about certain provinces owing to the lack of such organization. We note that Mr. Clay incidentally notes this point as well. It is right too that he should do so for a blinding of facts cannot help to win the right solution for a great problem. We would congratulate Mr. Ramakrishna on his work. Indeed we might note is the main substance of four lectures delivered by him before the Madras University in 1927. There can be no doubt that he has done the right thing in publishing them today—for the atmosphere is more favourable just now to the deeper study of a topic like the one he touches upon in them. A good and valuable study worthy of careful study by all interested in rural industries and how to

deal with them from a practical point of view of policy.

Abudhana Vastukosa.

By Nagavarma Edited by A. Venkata Rau B.A. LL.B. Senior Lecturer and Padma Sri Seshu Ayyangar Junior Lecturer, Institute of Oriental Research, University of Madras. Published by the University of Madras Senate House, Clapton, Triplicane, Madras. Price Rs. 3/8.

This is a splendid edition of an old work long supposed lost to us but luckily made available by it. I learned from three MSS. two obtained from Mysore and another from Arrah. The labour and time they have spent on it can only be adequately praised. Any one who has a slight acquaintance with work of this kind would readily bear testimony to the fact that the difficulties encountered by them for getting a correct text would have been immense. Our thanks are the more due accordingly to them for the scholarly fashion in which they have carried out the task entrusted to them. We hope they will be enabled to publish before very long the commentary on the work they have secured from Mysore for the utility of such a common treasure as an ancient old Kannada work of this kind can be over-estimated. Being a work bearing on lexicography the greater is the need for such publication. As regards the authorship of the work the Editors agree in thinking that the Nagavarma who wrote this work should be distinguished from the other one of the same name who is the reputed author of *Clondomb* and *Karavaka Kaddara*. The meaning of the two authors and their works the Editors attribute to our apprehension of collectors of MSS. or compilers of lists of MSS. There is no doubt that the author was a great Jaṇa Pandita and much honoured in his own time by king and people for the excellence of his work both as poet and as a prose writer. From the works quoted by him the Editors infer that he cannot have lived earlier than the 10th century A.D. From other evidence available in the work itself they infer that he should have lived between 1100 A.D. and 1338 A.D. This may be approximately correct. They also suggest that he must be the Nagavarma who is spoken of as the teacher of Jaṇa the poet. Thus the arrangement of the conclusion is that he should have flourished between 1150 and 1190 A.D. Altogether a fine piece of work well turned out from the point of view of modern scholarship. Our only regret is that in issuing editions of ancient vernacular works of this type the need for a scholarly English introduction should be noted. No purely provincial language of India can hope to become the language of the cultured world. The need for internationalizing cultural knowledge being great an international language like English should be used for the purpose. We trust that this point will be duly noted and considered sympathetically by our students who are bent on the spread of culture and knowledge.

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Fellow of the Mysore University

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Message to the Co-operators of Mysore.

By C. R. Fay, M.A., D.Sc.,

Chairman, Horace Plunkett Institute London

Having lived in Canada for ten years I am aware of the difficulties which arise when students are compelled to use text-books which derive their examples and their background from the experience and the mentality of another country. For Canada there must be a Canadian economics, for India an Indian economics. You in India have the further difficulty of language. If your work sometimes lacks originality, I believe it is largely due to the above two difficulties. The brain power of your students is spent on difficulties of alien background and foreign language, so that too little effort remains for original native thought. This applies to the Economics of Co-operation. You must write it yourselves from first principles. You must illustrate it from the experience and mind of your own people. You must put it sooner or later in the language which your people genuinely understand. Do not quote meaningless statistics. Reason it out in terms of human conduct. Do not waste your time in complaining of Government's shortcomings. Analyse the motives and social habits of your people. And remember that if this orderly thinking is not done in the class room of the University it will be done nowhere. Co-operative education must issue from the University. It is a part of economics and history, and should be handled by those who handle these subjects. For example, I, at Cambridge, teach co-operation (a) as part of my economics history courses, (b) as part of my course on the organization of agriculture.

In teaching co-operation, the principles are all important. Co-operation means active working together active membership

in a living society. Never start a Society which is a passive channel for the receipt of government. This is an insult to the cause of co-operation and a foolish waste of government money. Co-operation further means common enjoyment. The democratic element in it is this: that all benefit in proportion to the use which they make of their society. Thus if a man is in a store he must benefit in proportion to the goods he buys at the store, and this means that all profit over and above a small return, say 5 per cent to capital, must be returned to the consumer members as a dividend on purchases. If he is in a milk selling society, the member must be paid according to the quantity and quality of the milk he delivers and all receipts, over and above a fixed return to capital, must go to the milk supplying members.

There is no chance of a co-operative society achieving permanent success, if its main purpose is to cut prices. If it is a store or a society for the supply of agricultural requisites it must charge the current market rate otherwise it cannot earn a purchases dividend for its members.

But the last and most important thing of all is a right attitude towards credit. For a town-man earning regular wages credit trading is always wrong. It ruins the society or lames its growth at least. For if a society does not sell for cash, it cannot buy for cash. If it cannot buy for cash, it cannot buy freely and cheaply and it cannot earn a decent purchases dividend for its consuming members. From this there is no escape. For a countryman credit both long term and short term, is necessary, but it should be granted with the

greatest care and watched until it is repaid. It would be better for a government to run rural credit on severe business lines without any pretence of co-operation than for a co-operative society to issue credit carelessly, with government support in the background.

There is great scope for what is really a

form of consumers' society, the building society. This should be operated as a special form of co-operation, and once again advances should be made with caution, and repayment rigidly enforced. This apparent severity is the only true kindness in the long run.

Devaluation.

Concluding an article on Devaluation in its August number, the *Westminster Bank Review* observes—So far the *pros* and *cons* of devaluation have been considered purely from the internal aspect. Each country must of course follow that currency policy which appears best in its own interests. But it cannot even in those interests ignore the reactions on others of changes which it proposes to make. Among the objections of the leaders of the gold bloc countries to devaluation is the fear that it might provoke an intensified currency war. It is certainly true that Continental nations cannot rule out the possibility of further changes in the gold values of either or both of the British and the American currencies. It is true also that a bad judgment of the amount of devaluation which is desirable—and that is an amount which can only be tentatively calculated—might well prolong the period of currency instability.

It is relevant to note here the majority report signed by ten, out of fifteen Belgian and other economists who met at the invitation of the Antwerp Chamber of Commerce in the middle of last month and discussed problems of monetary stabilization. The minority of five were staunch gold standard supporters, and even deplored the devaluation of the belga. The three British representatives, however, Messrs. Keynes, Henderson and Harrod, were all among the majority. They agreed that stabilization is a necessary condition of durable economic revival but argued in effect, that it is impracticable without a prior devaluation of the gold bloc parities sufficient to reduce the problem of international equilibrium to manageable proportions. At the same time, it was con-

sidered, these countries should not be asked to devalue without some assurance that there would be no further deliberate depreciation in others. Such an agreement would involve a considerable sacrifice of independence all round, but it would obviate some of the external dangers which the gold bloc countries feel latent in devaluation although the difficulties of internal adjustment would not of course, be reduced.

It is clear that devaluation can never be an unmixed blessing nor an unmitigated evil and it is certain that an inherently difficult problem is not made any easier by the special circumstances in which it is now confronting the governments of France and Holland especially. The problem, too, is not solely one of accepting or rejecting devaluation. If it is rejected, as it has been by both M. Laval and Dr. Colijn then stern deflation is essential. Both in France and in Holland, of course, severe measures to balance the national budgets and to effect some reduction in costs of living (with a view to spreading the burden of deflation as evenly as possible) have already been introduced. Both governments can congratulate themselves on considerable immediate success. It is too early, as yet, to gauge the permanence of that success but the efforts that are being made command sympathy in Britain, if only because of their similarity to our own efforts in 1931 and 1932. At the same time, the gold bloc countries can rest assured that the majority here in the City, as in Parliament whatever its view on the efficacy of devaluation or deflation, would welcome the restoration of conditions which would make stable currencies feasible.

Board of Economic Inquiry, Punjab.

By C. P. K. Fazal, M.A.,

Assistant Secretary, Board of Economic Inquiry, Punjab

Manu the great Law giver tells us that the ruler must acquaint himself with a three fold group of sciences: he must study politics and the administration of justice; he must study philosophy, and he must learn from the people all matters concerning the means of subsistence. The Board of Economic Inquiry, Punjab came into existence to fulfil the last of the above precepts: *to learn from the people all matters concerning the means of subsistence*.* The Board seeks to inquire into the economic facts of Punjab life, both urban and rural, it seeks to learn how the people live, approaching the question in the spirit of the candid learner with no predetermined conclusions. When the facts are completely known and understood remedies suggest themselves. But it is the primary object of the Board to learn and publish facts and to provide the material upon which others may frame proposals for remedies.

The Board was instituted in 1919 as an official body and it is characteristic of our Province that we realised the importance of scientific study of economic problems so far back. It is only now, after we have been in existence some sixteen years that the other Provinces are establishing similar Boards. The functions of the Board are fourfold—

- (a) To lay down lines of economic investigation
- (b) Co-ordination of results of economic inquiries
- (c) To publish economic material
- (d) The encouragement and direction of economic studies and research

Originally the Board was divided into two complementary sections: one dealing with rural matters and the other with urban. In 1922 in order to gain greater freedom in its work the Board requested Government to declare it non official and this request was acceded to. The splitting up of the Board into two sections did not prove very successful and in 1933 they were amalgamated into one composite Board. The present member-

ship is 20 of which nine members are ex officio and eleven nominated. The former comprise the two Financial Commissioners (the one for Development usually acts as the Chairman) the Directors of Agriculture, Industries and Public Health the Registrar of the Co-operative Societies the Inspector of Factories the Professor of Agriculture at Lyallpur and the Professor of Economics in the Punjab University. Among the nominated members six are appointed by Government two by the Chairman and one each by the Director of Public Instruction the Co-operative Department and the Syndicate of the University. At present there are 10 officials and 10 non officials on the Board. Membership is for three years and is honorary (excepting the Secretary who is a member of the Board and is paid an allowance for his part time services). Besides the Board has a small staff of trained investigators who work with a minimum of official assistance.

Ordinarily four meetings are held during the winter months but most of the work is carried on by sub-committees. The Board receives an annual grant from Government and there is also a small income from the sale of its publications which are available to the public at a low cost. The publishers are the Civil and Military Gazette Press Lahore. Forty nine publications have actually been put out to date: five are in press and about half a dozen under preparation for the press.

At the moment we have four inquiries in progress. The first relates to the eleven years Farm Accounts of certain holdings in the Punjab; the second is an inquiry into the Cost of Milk Production at Lyallpur which will deal with data collected over three years. These two inquiries are being conducted under the supervision of the Professor of Agriculture of the Punjab Agricultural College at Lyallpur. The third inquiry deals with the relation between Fertility (i.e. Birth rates) and Economic Status and is the most extensive work yet undertaken by the Board. The inquiry is designed to find out whether the number of

* Being a synopsis of a Talk given to the Lahore Rotary Club on 13th September 1935

children born in a family has any relation to its economic standing. Only the rural population is being dealt with at present and so far data is being collected in over 180 villages in seventeen districts; the remaining twelve districts will be taken up shortly. A comprehensive questionnaire has been drawn up and with the sanction of the Education Department the school teachers in the villages selected are collecting the information. The fourth inquiry is a survey of a village in the Multan District. This inquiry is one of a series of 29 volumes each volume dealing with a single village in each District of the Province. So far we have published six such village surveys and two more will be issued very shortly.

The village surveys aim at getting a complete and detailed picture of the economic life of the Punjab villager and deal with such important subjects as indebtedness, size of holdings, mortgages, marketing and the standard of living. Another series already mentioned is that of The Farm Accounts, which is an attempt to apply business methods to farming to see what the monetary position of the cultivator may be. Nine years' accounts have been published and the tenth is in the press. Two reports one relating to the Rawalpindi District and the other to the Ferozepur District deal with the state of mortgage indebtedness in certain tracts. Two other reports deal with Punjab Food Prices, two with Rates of Food Consumption, two with Size and Distribution of Agricultural Holdings, both of owners and cultivators, three with the Milk Supply problems at Lyallpur and Lahore and two with Family Budgets of Cultivators in the Lyallpur District. In order to make available to businessmen of the Punjab accurate preliminary data we have published a report on the badminton and tennis gut industry at Sialkot and another at present under preparation deals with the Lac trade in the Punjab. An inquiry into the economic conditions of Rickshaw men in Simla revealed the deplorable conditions under which these men and boys have to work and I am glad to note from press reports that this publication has been the means of drawing public attention to the subject and attempts are now being made to better the prevailing conditions. Among miscellaneous reports I may mention Sales of Land among Agricultural Tribes, Cost of Crop Production, Cost of Ginning and Pressing Cotton, and

Cattle Survey of the Rohtak District. A good deal of attention is being directed to marketing these days and the Board has already published useful brochures dealing with The Finance and Marketing of Cultivators, Wheat and Market Practices in the Punjab, a third dealing with the factors that go to fix the price of wheat will be published shortly. A report shortly to be published deals with the sales of gold and silver ornaments and bullion by villagers in recent years.

These reports contain a mass of valuable data collected on scientific lines by trained and impartial investigators and if they are more widely read there would be a truer understanding of the many important problems which are facing us these days.

I would now like to mention a few of the interesting facts that have been brought out in some of our inquiries. I shall take up the Farm Accounts series first. These accounts deal with the expenses of the farmers so far as they relate to cultivation and have been worked out on scientific lines. *e.g.* account is taken of interest and depreciation on the implements and plough cattle. On most holdings the accounts have been kept for over six or seven years. The tables in the beginning of the reports give five year summaries of gross income, expenditure and net income. Taking the 1932-33 report we find that in 1930-31, three out of 23 holdings suffered an actual loss while in others the income per acre ranged from about Rs 2.8 to Rs 24. In 1932-33 ^{all} the holdings showed a profit ranging from Rs 2 to about Rs 41. The average net income of these two years comes to Rs 8 and Rs 20 respectively. The canal colony holdings generally show a slightly higher profit. We can thus gauge the income of the cultivator when we consider that the Punjab is a land of small holders and that a majority of them only cultivate up to 10 acres. These accounts also show that the plough cattle kept by the Zemindars work for only about 106 days in the year. In recent issues an attempt has also been made to find out the cost of lifting water by a bullock driven Persian wheel and by an electrically driven pump. It would appear that for small holdings bullock power is preferable to electricity as the former is easier to understand and work but an oil pump appears to be the cheapest to use —

Village Improvement.

By "B.P.O."

The Village Improvement Scheme of the Bombay Government organized on the lines laid down by the late Governor, Sir Frederick Sikes has now been in actual operation for nearly two years.

The essential factor of the scheme is the co-operation of all agencies—Government local authorities non-official associations and local effort—to improve all sides of the life of the cultivator concentrating in the first instance on the more pressing needs of the particular village concerned. It is this co-operation and concentration of effort that is the essence of the scheme. To help the cultivator has always been the object of Government not only through its local administrative officers but by the creation of special departments such as Agriculture, Public Health Veterinary whose particular task has been the improvement of the social and economic life of the agriculturist. The Village Improvement Scheme co-ordinates their work and associates with it non official effort. The Scheme is based on the view that no effective progress is possible without the co-operation of the villagers themselves and that the first task is to arouse in them an interest in and a desire for improvement of their condition.

Under the Scheme the primary agency is the District Executive Committee for Village Improvement of which the Collector is the *Ex officio* Chairman and the President of the District Local Board is the Vice-Chairman. The Committee normally includes Government officers representing the social service departments of Government, representatives of local bodies such as Local Boards and the like and persons concerned with social service education charitable organizations etc.

Under the District Executive Committee, work is carried on in the talukas of the districts either through the existing Taluka Development Associations or by the formation of Taluka Committees. In villages themselves Panchayats established under the Village Panchayats Act or local committees are made use of. Particular subjects as for instance, education co-operation agricultural improvements etc. can also be dealt with by the appointment of special

sub committees.

In each Division the Commissioner secures the general co-ordination of the village improvement work being carried on by the various District Executive Committees in co-operation with the various departments of Government. District Executive Committees have been formed in all districts of the Presidency proper except the Bombay Suburban District where the work of village improvement is entrusted to the District Local Board. Taluka and Village Committees have also been established in most talukas and villages. Up to the present Secretaries have been appointed in eleven districts to carry on propaganda and organize activities in the districts the necessary financial provision for them being made by Government.

The mode of development has not been the same in all districts. Some started at the top with District Executive Committees from which the movement spread downwards to the talukas and villages while in other districts there was concentration on villages from the start, certain villages being selected to test the experiment or to serve as models. Success attended both methods of approach though coming later in some districts than in others. That districts should thus show individual features of their own was natural. When the Scheme was started, a few districts like Poona and Sholapur already had in existence good rural uplift organizations controlled by influential and enthusiastic non-officials. To such organizations the inauguration of the official scheme gave great impetus. But most districts were not so fortunately placed in the beginning. The present development however shows the scheme to be prospering in all Divisions its success being specially marked in the Central Division. It was not expected that considerable funds would be forthcoming from the villages while the Bombay Government engaged as it is through its several departments in matters which in themselves tend directly to the betterment of the villages and the conditions of life of the village people did not and could not contemplate large expenditure on the village uplift movement as such. Government's main

and has been the inculcation of the idea of self-help, so that villagers themselves can undertake certain elementary work calculated to make their villages healthier and happier places to live in and in the village uplift movement especially, it has developed the idea that what can be done in a corporate manner can be done in the most easy manner. The most significant common feature of what has been done is that the results obtained have been due mainly to the efforts of the people themselves. Some small village funds have been started and necessarily started it is true but most has been done through co-operative effort while there has been a marked tendency to take all the help and advice possible from the officers of the Revenue, Agricultural, Veterinary, Co-operative Industrial, Public Health, Medical and other departments, which have co-operated closely with the District Executive Committees, when and wherever possible. In such joint effort bodies such as the Infant Welfare Society, the Lady Wilson Village Maternity Association etc. have also given their fullest assistance.

The aim and methods of the scheme may perhaps be most easily appreciated from the following brief statement of various activities undertaken in many villages throughout the Presidency proper. The number of villages in which sanitation and roads at least have been improved and the village sites cleared of rubbish etc. already runs into several hundreds, while many have adopted a very wide diversity of uplift activities.

As remarked above, much attention has been paid to improving the sanitary condition of villages and to cleaning and clearing them and improving their appearance generally, and towards the all-important matter of providing an adequate and whole some water supply. The removal of manure pits outside the villages has been a very general measure. Gutters have been provided for village roads and streets. The work of draining unhealthy pools and pits and of constructing soak pits has been taken up. Attempts are being made to provide public latrines, or failing regular latrines efforts are being made to provide secluded sites, with some provision for privacy for females at least. In the Central Division, the provision of trench latrines has been widely taken up.

Old wells have been repaired and new ones constructed in many places, while tanks

also have been cleared of accumulated rubbish and silt. Efforts have been made to have the wells permegenated at regular intervals.

Much has been done in the way of destroying and removing prickly pear and rubbish from in and around village sites, while steps have been taken to improve their appearance by the planting of trees and making gardens. This matter of tree planting especially the planting of road side trees, has been most keenly taken up in the Deccan.

Roads between one village and another and between villages and main roads have been constructed and improvements in the streets and bye-ways in the village sites themselves have been made. Old and existing roads have been widened, repaired and drained while in some instances culverts have been constructed. The most general activity in this respect has been to improve the roads leading from the Public Works Department or Local Board roads into the village sites, these being in many instances some distance removed from the high road and connected with it by some *kachha* track that used to be well-nigh impassable in the non-son. A noticeable feature of co-operative effort has been the voluntary removal by landholders of the encroachments by which village people are apt to advance their field boundaries little by little into the cart-tracks leaving them in many instances so narrow that even one cart would have difficulty in passing. The spirit of village uplift has proved far more efficacious in remedying this abuse than the necessarily slow process of inquiry and action under the Land Revenue Code.

Attention to health has been general. Classes in First Aid have been instituted, small dispensaries founded and medicine chests distributed. The training of village dais in scientific and hygienic midwifery methods is in progress at most Civil Hospitals, or is being done through private practitioners besides through the agency of such bodies as the Red Cross and the Lady Wilson V. M. Association.

Education has received a considerable impetus through the uplift movement and village schools have been opened and buildings built where formerly no school existed or the existing school has been extended, very often by the addition of an English class. The opening of night schools for adults has been the most widespread feature of this

educational effort. Small reading rooms and libraries have been started in many places.

Efforts have been made to provide more playgrounds for the children and to organize their games and to recreate interest in old Indian games, while much has been done to interest children and to provide them with healthy occupation through the formation of troops of Boy Scouts and Girl Guides, the number of which have increased very markedly since the inception of the movement.

It has been sought to improve conditions of life in other ways too. Efforts have been made to reduce expenditure on marriages and on other ceremonial occasions—and in one district an Agriculturists' Debt Settlement Committee has been formed.

Agricultural uplift has received a great deal of attention. With the help largely of Taluka Agricultural Development Associations, aided in turn by the Agricultural Department, improved varieties of seeds have been used on a wide scale. The use of such seeds has been encouraged by practical demonstrations in villages through planting demonstration plots for which purposes farmers have willingly lent their land. Better cultural methods have been taken up and improved implements of cultivation adopted.

Cattle breeding, too, has received much attention, stud bulls being purchased not only by Taluka Associations but also by Village Committees, while the services of the Veterinary Department in castrating useless

animals have been in considerable demand.

In jungle areas gun clubs for the destruction of pig and other destructive animals have been formed and have done good work.

Interest in all these activities has been sustained, and instruction imparted, by many workers in the cause of village uplift (both officials and non-officials) giving lantern lectures and talks on medical and health matters, Agricultural Development, Co-operation, Sanitary measures, subsidiary occupations, poultry breeding and the like, while shows on a very big scale and widely patronised, demonstrating Agricultural, Industrial and Sanitary improvements and methods and also cattle and farm produce shows have been held in several centres.

Well attended classes for training personnel, both official and non official, in village improvement work, have been held at two centres. In one area village improvement has its own Journal, *The Gujarat Village Uplift and Agricultural, Art and Industrial Quarterly*, giving all village uplift news from districts in the Northern Division.

The Government of India being of opinion that this village uplift scheme of the Bombay Government presents a good medium for effecting that village improvement with which it is concerned, has approved of this Government devoting the greater part of its grant to promoting the scheme, which has already been introduced, as most suitable to local needs, and, of the funds allotted, certain sums will be devoted especially to areas where the scheme is not yet functioning effectively, and where an impetus is desirable.

A London contemporary writes—It is not for us now to inquire into the motives of Signor Mussolini's unbreakable resolve to achieve something spectacular in a foreign field, but we cannot help recalling, after his Cabinet meetings, the hundred year old lines of Peacock—

After careful meditation

And profound deliberation,

On the various pretty projects which have just been shown,

Not a scheme in agitation

For the world's amelioration

Has a grain of common sense in it except my own

Or, as we used to say in the Great War, the Duce is the only man in step.

Mr R B Bennet, the Prime Minister of Canada notified on 5th September 1935, the Japanese Minister that, unless Japan removes the discriminatory surtax of 40 per cent *ad valorem* imposed on certain Canadian goods, Canada will no longer adhere to the Anglo Japanese Commercial Treaty, and will take other steps in the interests of the nation.

The President of the National Coffee Department, Brazil, has ordered the destruction of 760 000 bags of coffee belonging to the Department at the earliest possible date. At the same time, the statistical position of coffee will be maintained.

Unemployment in Mysore.

By The Editor

In this State there is growing unemployment among the educated youth. Roughly there are some 2000 graduates registered in it who are to-day unemployed. This swelling of the youth is fraught with great danger to themselves, to their families and to society. The State as an organized body responsible for the welfare of its subject has the duty on it to find employment for it youth.

The cause that have contributed to the present impasse need not be gone into at any great length. The chief among these may be mentioned: (a) no correlation between the education imparted and the actual employment needs of the country; (b) no correlation between the type of education given and the fresh employment that may be created by certain chosen activities; (c) inter-provincial restrictions as to employment; (d) trade depression on which has induced a fall in industrial and other activities which have adversely affected the employment market; (e) lack of training to start life on independent lines; (f) lack of finance to those who are fit to take to industrial and other ventures on a paying kind; (g) lack of a well thought-out policy for remedying the present position which it might have received would absorb a large number of young men with profit to the State and the people.

What has been done in outside countries and in the Provinces of India may be set down the problem varying in intensity in different areas. Governments in advanced countries have come to recognize that the best cure for unemployment is to find employment; to create a venue for employment by stimulating expenditure on well considered schemes of permanent utility. Some have shortened hours of labour. Others again have endeavoured to increase the age-limits of education for boys so that they may be kept longer at schools to diminish competition for available jobs. Some tangible examples may be given of these different remedial measures adopted in Europe and America. The Swiss Federal Parliament in December 1934 adopted a programme of measures for providing employment. It allotted credit to the extent of

3 million francs for the adoption of a financial plan. It entrusted the examination measures relating to Public Work to a Central Employment Office attached to the Federal Department of Industry. The Central Office was to coordinate work scheme, undertake special works, direct employment service work and the administration of the service and the encouragement of new industries. Public works were

to be planned over five or six years and more. It was also to take over the possibilities of public works which could absorb unemployed youth. It was to undertake special work to develop vocational training as a means of preparing for employment or the unemployed and the technician. Central office had such measures were also required to assist works which could take unemployed workers in the local provinces. A central new plan for the central office was a view to errors in matters relating to the encouraging and reviving of industrial production and to give assistance to any efforts made in this direction. The Czechoslovak Government has been examining a scheme prepared by the local Federal Ministry in which it has suggested the financial measures designed to enable municipalities to obtain cheap credit should be adopted by Government to decrease unemployment. In England the possibility of land settlement

being given a trial. The main object is the creation of small holdings for unemployed persons. The Land Settlement Association in charge of this work. Formed in 1934. Governments have agreed to grant £7,000 per annum for three years on the basis of £1 for every pound subscribed by the Association. The Carnegie U.K. Trust has promised £10,000 over a period of five years. A settlement scheme has been worked out and is being given effect to. In America the Federal appropriation in April 1935 totalled 4000 million dollars. Among the Public Work project to which money was allotted are—Highway construction, Level-Grading, Emergency Rural Rehabilitation, Water Conservation, Flood Control, Rural Electrification, Housing, the Prevention of Soil Erosion, Reclamation, etc.

Instances can be multiplied but the above ought to suffice. In India the problem remains wholly unattacked so far. Even the number of unemployed is not known in the country. In 1927 it was stated at the World Population Conference that the total unemployed in India numbered some 6 crores of people. Of the total educated unemployed no statistics are available for India. In Europe and America Government recognize it as a part of their duty to maintain trained staffs to keep statistics of unemployment. A lack of working policy is responsible for this position. Madras has not gone beyond the talking stage. The U.P. Government appointed a Committee of which Sir Tej Bahadur Sapru is about to issue its Report in Mysore a Committee was appointed some year ago but it has not so far reported. In other Provinces action is still due. In the U.P. educated unemployment was ought to be met by what was called a Colonization Scheme under Government auspice. But the Committee appointed to consider it deferred the big scheme put before it. In Bengal recently Government have devised a scheme for training Internees. The Scheme provides for the creation of a number of agricultural and industrial camps in which practical training is to be given to a number of young educated men. The

point to note in this connection is that the Governor of Bengal is convinced that unless suitable employment is provided for the *educated* the political situation cannot improve in Bengal. What is true of Bengal is equally true of every other Province or modernised State which has a large unemployed educated proletariat.

The remedy is to rationalize education and adapt it to meet local needs. The University should be more and more regional so that the exploitation of natural resources may be undertaken by its own educated sons. For the immediate present large schemes under the Engineering, Electrical, Agricultural and Public Works Departments should be thought out and they should be dealt with in the order of importance and utility from Government funds absorbing the young educated. An yearly grant of Rs. 25 lakhs for ten years may be decided upon for the present. The schemes should envisage works of permanent utility. The American programme referred to above gives the cue for the requisite remedy. A great evil like unemployment should not be allowed to grow. It is bound to create trouble—domestic social and political. Government has a duty towards its educated children and must discharge it satisfactorily and conscientiously if it is to go on.

In the *India Journal of Economics* for July we have an interesting study of the policy underlying the export of gold from India by Mr. B. R. Shenoy. It is a well documented and critical study and well worth notice at the hands of publicists. His conclusion may be stated very briefly. He thinks that the linking of the rupee to sterling was wrong but if that had not been done the sterling he says would have fared worse. It would have meant in his words the abandonment of the sterling to a worse fate than actually. If the rupee had been delinked and then we had followed the course best suited to us it would have meant a different matter. Government would have had to restrict export and buy the gold themselves. The profits of gold appreciation would have been retained in the country and the evils of the rupee sterling link would have been avoided. Devaluation would

have been rendered easy and helped us to inflate as required. We could have stimulated investment, improved our credit abroad, we could have got into our country part of the interest now paid to outsiders, we could have cut off our losses on sterling paper that the rupee sterling dumped on us and we could have kept a fair supply of gold for stabilization on the lines of a gold *bullion* standard. But in that case would England have had the benefits she has had under the rupee sterling link? Mr. Shenoy thinks that sterling in that case would have fallen far below \$315 which had reached in November 1932 and the cost to her for preventing the downward course if she attempted it would have been enormous. She would not he says have been able to pay away at any rate in time her gold obligations without considerable sacrifice. Probably Mr. Shenoy is right.

Indian Oil-Seeds—II.

By F. J. F. Shaw, D.Sc. (Lond.), A.R.C.S., F.L.S.,

Director, Imperial Institute of Agricultural Research

LINSEED (*Linum usitatissimum*)

Linseed is an important crop in a number of provinces particularly the Central Provinces, Bihar and Orissa, United Provinces, Bombay, Bengal and Hyderabad State as shown in the table given below. The cut

averaged 215 000 tons a year, one quarter of which was taken by the United Kingdom. It is obvious that under these circumstances the United Kingdom is in a position to absorb a much larger quantity of linseed

AREA OF YIELD OF LINSEED IN EACH PROVINCE

Provinces and States	Average 1925-26 1920-30		1925-26		1926-27		1927-28	
	Area (acres)	Yield (tons)	Area (acres)	Yield (tons)	Area (acres)	Yield (tons)	Area (acres)	Yield (tons)
<i>British Provinces</i>								
Bengal	1,25,500	17,500	118,000	19,000	126,000	20,000	125,000	25,000
Bihar and Orissa	848,500	100,000	634,000	94,000	662,000	97,000	641,000	97,000
Bombay	115,500	11,600	137,000	14,000	137,000	14,000	119,000	13,000
Central Provinces and Berar	9,50,000	67,500	739,000	65,000	937,000	57,000	1,008,000	83,000
Punjab	29,200	2,800	23,000	2,000	37,000	3,000	31,000	3,000
United Provinces	327,200	51,200	310,000	50,000	321,000	55,000	296,000	39,000
(a)	610,400	96,400	644,000	104,000	559,000	102,000	674,000	108,000
TOTAL BRITISH PROVINCES	2,197,800	251,000	1,984,000	244,000	2,215,000	277,000	2,150,000	260,000
(a)	610,400	96,400	644,000	104,000	559,000	102,000	674,000	108,000
TOTAL INDIAN STATES	421,600	24,200	331,000	29,000	505,000	42,000	476,000	37,000
GRAND TOTAL	3,229,800	371,600	3,009,000	377,000	3,241,000	416,000	3,250,000	405,000

(a) Mixed crop: the estimates being highly conjectural the figures are kept separate

turn varies from about 600-1,000 lb per acre. In recent years there has been a very marked reduction in the area under this crop as well as in the exports of this commodity. During the quinquennium 1926-30 the average imports of the United Kingdom amounted to 314,000 tons a year, while during the same period India's exports

than India exports, and the new preference obtained by the Ottawa Agreement is leading to a marked increase in India's output of linseeds. The decline in Indian production appears to be due to the demand, and the fact that the Indian linseed production reached 533,000 tons in 1922-23 as compared with 257,000 tons in 1930-31 shows

that there is considerable room for expansion. An increase of the area under linseed in India by about two million acres (representing an additional production of at least 250,000 tons) should not be difficult of attainment in a year or two in response to an increased demand. From the Indian point of view the preference is of great importance to agriculture and ought to lead to a substantial increase in Indian exports.

Exports of linseed in the year 1933-34 totalled 379,000 tons valued at Rs. 458 lacs, and as compared with the preceding year showed an increase of 307,000 tons in quantity and Rs. 366 lacs in value. This result was largely due to the combined effect of the Ottawa preference in the United Kingdom and the relative scarcity of available supplies in international markets. The Argentine crop of 1933 suffered a serious shortage and was estimated at only 1.4 million tons, as compared with 2.2 million tons in the preceding year. The Indian crop on the other hand, was very much the same as in the previous year, the estimated production in 1933 being 406,000 tons, as against 416,000 tons in 1932. The Indian linseed trade was also assisted by the preference given on it in the United Kingdom market. The 10 per cent import duty placed Plate linseed for a time, out of line with Indian linseed and United Kingdom purchasers bought freely, with the result that there was an increase of 162,000 tons in the off take of the United Kingdom alone. In the preceding year she had imported only 14,000 tons of Indian linseed. Another notable expansion took place in the American market, exports to the United States of America amounting to 84,000 tons, as compared with 200 tons in the preceding year. This expansion was due to the failure of the crops in the United States of America, accompanied by the short crops in the Argentine. The principal countries in Europe also increased their demand. Exports to France and Italy were 43,000 and 22,000 tons as against 22,000 and 11,000 tons respectively in the preceding year.

QUALITY AND PURITY OF INDIAN LINSEEDS

There are two readily recognized varieties known to trade. They are (a) yellow seed (b) brown seed, which are further classified as bold medium and small, according to their size. The bold seed fetches a higher price than medium or small seeds, as it is believed to have a higher oil content. Simi-

larly, yellow seed gets a slight premium over brown, the oil from the former type of seed being lighter in colour.

Indian linseed is sold on a clean basis, whereas Argentine linseed is sold on a 4 per cent refraction basis, and exporters and importers agree that Indian linseed has an advantage of 3 per cent on an average. Indian linseed is also stated to be better bagged, and receives a slight premium on this account.

The United Kingdom is a large buyer of linseed, the oil being used for industrial purposes and the cake as feeding stuff. At present she draws by far the larger portion of her supplies from Argentina. The price at which the industrialists and farmers can obtain these commodities is of course, a matter of great importance to her, and it would be idle to hope that the preference could be of long continuance unless Indian production increases in proportion to the increased demand. The extraordinary elasticity of Indian agricultural production to variations in world demand leads us to believe that India can without difficulty meet a very large part of the United Kingdom's requirements.

While, in view of the large quantity which the United Kingdom at present takes from outside the Empire, there is no doubt that she is in a position to absorb much larger supplies from India than she receives at present, and while there is no reason to think that such a result will not take place, there is some doubt whether, in view of selling pressure in the Argentine, a preference of 10 per cent *ad valorem* will lead immediately to displacement on any large scale in the United Kingdom market of supplies from the Argentine by the Indian product. The necessity for a rapid expansion of the production of linseed in order to enable the preference to be retained is obvious, but if the preference is to be made really effective and if the fullest advantage is to be taken of it, a prompt and careful examination will also be necessary into the matter of grading, marketing and transport of Indian linseed, with the object of securing the greatest possible reduction in costs. India is the sole supplier of linseed within the Empire.

Research work for the improvement of the linseed crop has been in progress in India for some time, and affords an excellent illustration of the general principles laid

down in the earlier part of this paper.

A formal examination of the Indian linseed crop carried out at Pusa showed that the mixed country crops contained 124 unit types. These types differed widely in morphological characters and physiological properties but from the commercial point of view they could be roughly divided into two groups. One group which is characteristic of the soils and climate of the southern linseed growing tracts possesses a deep root system, a more or less procumbent habit and bold seeds. The other group which inhabits the Gangetic alluvium has an erect habit, a shallow root system and small seeds. In this latter group three Pusa types T 12, T 121 and I 124 have proved of good oil content, high yielding capacity, and disease resistance, and have been distributed to cultivators on a large scale.

It cannot be too strongly emphasized that a successful type requires all these characters. High oil content is useless unless the grower who is paid by weight of seed gets a good yield. These successful types possess small seed and are lower in oil content than the bold seeded types of Central India. The bold seeded types, however, do not grow or yield well in the Gangetic alluvium since their deep root system is not suited to the soil conditions of that area. The problem of linseed improvement therefore lies in cross breeding between the types of the Gangetic alluvium and the types of Central India, with the object of producing a bold seeded type which will possess the root system and erect stem suited to the conditions of the Gangetic plain. Considerable progress has been made in this direction by work started at Pusa in 1925. The types 12 and 121 which, as already explained, are suited to the Gangetic alluvium, were crossed with types 1, 8, 11 and 22, which are bold seeded types from peninsular India. About 90 hybrids have been fixed from the crosses of which a number are of high oil content and appear to grow and yield well in the Gangetic alluvium. The oil content of the small seeded parents ranges from 37 to 43 per cent, while that of the hybrids is from 40 to 44 per cent. Most of the hybrids do not equal the types 12 and 121 in yield of seed per acre, two hybrids however H 55 and H 21, appear to be equal to T 12 in this respect. It is a point of interest that in the new hybrids high oil content does

not seem to be accompanied by the bold seed character, the best hybrids from the point of view of oil content possessing medium size seed.

In samples of linseed of pure breeding unit types the oil content of any one type shows considerable fluctuation from year to year. Thus in a Pusa type and in a hybrid in four successive years the following figures were obtained—

	1928-29	1929-30	1930-31	1931-32	Mean
Type 121	38.22	39.86	37.44	42.30	39.45
Hybrid 63	44.64	41.52	43.37	44.01	43.61

The average oil content in all the types was 39.57 per cent in 1930-31 and 42.75 per cent in 1931-32. The maximum oil content in any type was 43.5 per cent in 1930-31 and 47.42 per cent in 1931-32. The reason for this seasonal fluctuation is at present obscure.

The colour of linseed ranks from light yellow to a deep reddish brown, the inheritance of seed colour being largely determined by the same heritable factors as determine colour in the petal. Other things being equal a seed of light yellow colour is preferred by the trade as yielding oil lighter in colour than brown seed.

RAPE AND MUSTARD (*Brassica napus* and *B. juncea*)

This group of oil seeds is second to groundnut in acreage and includes three sub-species of *Brassica*—

- (a) *B. campestris* var. *Sarson* Prain
- (b) *B. napus* L. var. *dichotoma* Prain (toria)
- (c) *B. juncea* L. *Rai* or Indian mustard.

All these species are principally cultivated in Upper India and only a small area is met with under mustard in the south. The largest area under this group is in the Punjab, where the crop consists mainly of *Sarson* and *toria*. Bengal chiefly grows mustard. The principal trade centres are, however, Calcutta in the United Provinces and Perozepur and Lyallpur in the Punjab where supplies are generally collected for export to Bombay and Karachi. The yield of seed varies from 300-400 lbs. per acre and the oil content ranges from 36-42 per cent. The figures of export for recent years are shown below and the exports of these seeds appear to be increasing.

The production of rape and mustard in India in 1932-33 was estimated at 1,046,000 tons as against 1,025,000 tons in the preceding year, thus showing an increase of

AREA AND YIELD OF RAPE AND MUSTARD IN EACH PROVINCE

Provinces and States	Average 1925 '26 to 1929 '30		1930 '31		1931 '32		1932 '33	
	Area (acres)	Yield (tons)	Area (acres)	Yield (tons)	Area (acres)	Yield (tons)	Area (acres)	Yield (tons)
<i>British Provinces</i>								
Assam	356,200	68,600	363,000	64,000	302,000	46,000	271,000	41,000
Bengal	726,600	117,800	769,000	139,000	770,000	139,000	716,000	154,000
Bihar and Orissa (b)	714,800	163,000	657,000	147,000	645,000	136,000	627,000	140,000
Bombay including Sind	200,000	20,200	191,000	23,000	142,000	14,000	179,000	*8,000
Central Provinces and Berar (c)			64,000		70,000	16,000	73,000	15,000
Delhi	4,750*	460	8,000	400	8,000	500	8,000	Below 500
N W F Province	114,600	9,600	83,000	9,000	107,000	10,000	126,000	11,000
Punjab	1,082,400	146,800	889,000	141,000	1,150,000	184,000	1,158,000	151,000
United Provinces	203,400	31,200	240,000	32,000	273,000	48,000	324,000	57,000
(a)	2,456,400	378,000	3,230,000	423,000	2,659,000	419,000	2,434,000	433,000
TOTAL BRITISH PROVINCES	3,408,800	557,400	3,264,000	555,000	3,467,000	593,000	3,480,000	600,000
(a)	2,456,400	378,000	3,230,000	423,000	2,659,000	419,000	2,434,000	433,000
TOTAL INDIAN STATES	123,600	16,200	138,000	10,000	94,000	13,000	113,000	14,000
GRAND TOTAL	5,990,800	951,600	6,632,000	988,000	6,220,000	1,020,000	6,070,000	1,052,000

(a) Mixed crop the estimates being highly conjectural, the figures are kept separate

(b) Excluding Feudatory States, which report an area of 85,000 acres in 1931-32 as against 84,000 acres in 1930-31. The yield is estimated at 7,000 tons which is practically the same as in last year

(c) Forecast prepared for the first time in 1931-32

* In 1928-29 there was a normal increase in the area and hence that year's figures have not been taken into account. The average is for four years only

per cent. on the crop yield of 1931-32. The crop of 1933-34 was according to the latest report estimated to yield 952,000 tons or a decrease of 94,000 tons in comparison with the crop of 1932-33. The export trade in rape seed during the year experienced a short set back the total shipments being returned at 73,000 tons, as compared with 115,000 tons in 1932-33. The decline thus amounted to 42,000 and it was almost wholly

accounted for by a falling off in the demand of Italy which took only 10,000 tons as against 68,000 tons in the preceding year. Exports to the other consuming markets showed more or less appreciable increases. The United Kingdom took 20,000 tons as against 11,000 tons in 1932-33 while France and the Netherlands increased their respective shares from 8,000 tons and 12,000 tons to 11,000 and 15,000 tons. Purchases by

Belgium and Germany showed slight increase.

The improvement of these crops by plant breeding methods is peculiarly difficult because of the self sterility shown by certain varieties. This means that the usual procedure for the isolation of unit types cannot be followed in these cases in which self fertilization produces very little or no seed while the extensive natural crossing renders

it impossible to maintain pure types. Investigations at Pusa have indicated that self sterile varieties could be made to set seed by selfing in the bud stage but that the progeny of self fertilized seed lost vigour and fertility. Crosses between yellow seeded self fertile and black seeded self sterile forms have been made to elucidate the inheritance of self sterility and red and brown seeded self fertile hybrids have been obtained

Baghdad's New Museum.

The announcement has been made that the Ma mun Museum—the most recent of Baghdad's museums—has been just opened by King Ghazi. The new Museum has been accommodated in the Ma mun Palace in the ancient Baghdad Citadel. The exhibits in the new Museum belong solely to the Abbasid period and will be most appropriately housed in the old Palace of that dynasty. The reigns of Harun al Rashid and Ma mun in Baghdad were periods of extraordinary splendour but the dynasty was short lived and left behind but few monuments or not which escaped the ravages of later conquerors. A publication by the Directorate of Antiquities contains some very fine plates showing the massive remains of the Abbasid Palace in the Citadel.

It is curious that at this late stage in the story of civilization the mines worked in the dawn of history should again be receiving at

tention. Yugoslavia of course provides an outstanding example as the Trepcia Mines Ltd. are exploiting mines which were worked of old by the Romans. New mines news of the prospects of mining developments in Saudi Arabia where mines were worked by the ancients. Some little time ago the Saudi Arabian Mining Syndicate was formed and this company held a long term concession for operating mines over an extensive area in Saudi Arabia. It is understood that with the support of a well known group of companies the Syndicate is to be converted into a public company and that at an early date the preliminary steps will be taken for the exploitation of some old mine workings in the country. As in the case of similar enterprises in other countries to day it is understood that the Saudi Arabian Government will be actively interested in the project.

From a study just completed by the National Industrial Conference Board, U.S.A. it has been revealed that the United States federal receipts from liquor taxes for the fiscal year 1935 exceeded those for any year in pre prohibition days except for 1918 and 1919 when very high rates were imposed. For the period 1910-17 the annual collections ranged between £41,800,000 (at current rates) and £56,800,000 whereas in the fiscal year ended 30th June 1935 the Federal Government collected £82,200,000 from liquor taxes of all kinds.

With the possibility of ultimate development into another Great War involving the whole of Europe being pointed out by those who closely follow the international entanglements in East Africa the price movement in the stock exchanges in June and July showed a falling trend but since the middle of August it has tended to advance says the *Osaka Mainichi*. Rayon and cotton industries the paper adds were the quickest in the price advance because of the prospect that the position of these industries would be much improved by the Italian withdrawal from Oriental markets should a war break out.

Co-operation in Mysore.

By A KRISHNA RAO, B A., B L.,

Advocate and President Mysore City Co-operative Bank

It is nearly thirty years since the co-operative movement was started in Mysore primarily to give greater credit facilities to the agriculturist in the rural areas of the State*. He was steeped in debt on which in many instances he paid interest at an exorbitant rate and had fallen into the clutches of the money lender from whom he could not escape. After a few years of the working of the movement it was recognised that the concentration on the credit side of the movement did not tend to improve the ryots economic condition. Attempts were therefore made to introduce other forms of co-operation also. After thirty years of working on these lines can it now be said that it has fulfilled all or most of the expectations of the sponsors of the movement? Even the robust optimist cannot say that the movement has been a complete success. Neither on the other hand can the confirmed pessimist hold that it is a complete failure. Everybody who is in touch with the movement feels that it is now passing through a severe crisis nevertheless there is no need to feel discouraged. What we have achieved till now though it may not have come up to our expectations is not quite negligible and might well stand comparison with the results achieved in other Indian States and the British Indian Provinces. Those who have studied the progress of Co-operation throughout the country are also of opinion that we have not lagged behind but on the other hand stand fairly high.

Taking the latest figures for 1934-35 we find that we have in our State 1 999 co-operative institutions consisting of 1 36 377 members with a share capital of Rs 55 03 496 deposits of Rs 1 05 39 556 reserve fund amounting to Rs 29 32 000 a working capital of Rs 2 29 00 000—a total turnover of eight crores and net profit of Rs 4 46 603. Out of the total number of societies more than 1 500 are purely agricultural societies with a membership of

nearly half of the total number. Though these figures are encouraging enough there is still a lot of ground to cover in view of the fact that the rural population of the whole State numbers 55,12,260 and is distributed over 16 483 villages. A perusal of the latest Administration Report for 1933-34 also shows that there has been for the last three years stagnation instead of expansion. The reasons for this are many and varied and it is not possible to deal here in detail with all of them in the limited time at my disposal. I shall however briefly indicate what, in my opinion are the important causes and what remedies are to be adopted to secure the healthy growth of the movement.

IMPEDIMENTS TO DEVELOPMENT

The main idea with which the movement was started was as I have already stated to afford cheap credit facilities to the agriculturists who form the back bone of the country. Barring a very small number engaged in other occupations the main industry of the vast population of this State is agriculture. It cannot be stated that the rural population did not already possess facilities to get credit. There was the money lender in almost every village to accommodate the ryot who however had to pay in the shape of interest a very heavy price for the money borrowed. So long as the money lender got his interest and so long as the security for the loan did not diminish he was not eager to recall the loan. On the other hand he would in many cases deliberately allow the interest to accumulate. This went on from generation to generation and the ryot would inherit the debts just as he inherited the property and would leave the same legacy to his descendants. He had thus the means of getting facilities though not cheap credit. Co-operative institutions whose basic principle is not facilities but controlled credit were not able to accommodate him in the same way as the money lender. The ryot could not understand the reasons for the Rules and Regulations of the society about the punctual payments of the instalment either of the

* Part of Presidential Address delivered at the Twenty second Mysore Provincial Co-operative Conference held at Mysore on 4th October 1935.

principal or interest, and felt them to be unnecessarily irksome. While the money-lender would allow the postponement of the dues when the ryot could not save on account of unfavourable agricultural seasons or other causes, the co-operative society was not in a position to allow him the same concession. The ryot could not also understand the elaborate investigation and the consequent delay which were inevitable before he could get the loan from the society, however urgently he required it. Many ryots seeing these so-called inconveniences experienced by others refrained from joining the movement. The ground was not well prepared by proper education and propaganda as regards the nature and objects of Co-operation. I think that the Government who sponsored this movement by the passing of the Co-operative Regulation should not have been content with the establishment of the mere official hierarchy to administer the provisions of the Regulation but should have spent a sufficient amount of money to carry on propaganda and educate the people in the basic principles of Co-operation. The movement in this country was one imposed on the people from without and not a spontaneous growth from within, as for example in Germany which placed on a legal basis a movement that had already developed in the country. The Government, no doubt, spent money in appointing Honorary Organizers for a number of years to spread the movement among the villagers, but this was not sufficient as the Organizers thus appointed were keen more on starting a number of societies than on educating the people in the principles of Co-operation.

I feel that from the beginning the movement was not viewed as a form of business requiring special qualification for its management. It was, on the other hand, too frequently looked upon as a form of philanthropic enterprise that people with mere good intentions and a large heart could work successfully. The formation of societies was by itself expected to bring about the economic reformation of the members, if the co-operation of the local people imbued with noble sentiments of social service was secured. Many local enthusiasts have, with high motives, no doubt, done very strenuous and self-sacrificing service in societies though not always on business lines. But what can mere good intentions avail in the business field? It is

capacity and knowledge that are needed to work a business organization successfully. The habit of confusing the business of Co-operation with social philanthropy has, to a certain extent, been all along and is even now a stumbling block in the way of progress, and the time has come for emphasizing that Co-operation is distinct from philanthropy. It is a form of business, not of the capitalist and profiteering type, but business run on honest lines governed by moral principles, but nevertheless business in the strictest sense of the term. Business comes first and philanthropy next and that mainly in the utilization of surpluses for the moral and educational advancement of the members.

LONG TERM CREDIT

Another noticeable defect which is responsible for the present stagnation and which has now been recognised is that the rural societies lent money not on short-term credit for seasonal needs but long term loans—but not sufficiently long—to discharge previous debts. They did not themselves possess the required resources but undertook the business out of moneys borrowed from the Central and Apex Banks which in turn got their funds from short-term deposits. Large sums were thus borrowed by members for unproductive purposes. The debtors were unable to make punctual payment of their dues since the period allowed for repayment was not sufficiently long. The consequence was that overdues began to accumulate and for the last four years on account of the economic depression and the fall in prices of agricultural produce they have reached the high figure of 71 per cent of the demand. This evil was recognized sometime back and as a consequence the Central Land Mortgage Bank was established to tackle this problem of rural indebtedness which is roughly estimated at twenty crores of rupees for the whole State. The operations of the Land Mortgage Bank are being extended gradually to various taluks. While the Apex Bank presses the rural societies to pay their dues, the societies themselves are not able to recover the instalments due from their members and are thus in a precarious condition. Unless something is urgently done the fate of many rural societies is practically sealed with the consequence that there will be a great set-back to the Co-operative movement itself in the State. This will have its own repercussions which may affect the finances of the Apex Bank. In order to get

over these difficulties it is absolutely necessary to start Land Mortgage Societies as rapidly as possible to take over on adequate long term basis the existing advances of the rural societies. I would at the same time urge on the attention of the authorities of the Central Land Mortgage Bank the raising of the maximum period of the loans from twenty five years to forty so as to lighten the burden of the annual instalments. If this is not done early not only will the number of eligible borrowers grow smaller but the same story of mounting up of over dues may repeat itself. For we find from the figures for 1934-35 that overdues to the extent of Rs. 20,572 as against a demand of Rs. 38,784 including a decretal amount of Rs. 7,043 have already accumulated in the short time that these Land Mortgage Societies have been in operation. If therefore these measures are adopted and the rural societies are rehabilitated most of them can function properly and attend to the needs of their members by strictly confining themselves to their legitimate and proper sphere of supplying short term and seasonal credit for carrying on agricultural operations, payment of assessment to Government and for other legitimate expenses. The extension of the Agriculturists' Relief Regulation to the whole State has practically dried up all sources of credit for the agriculturist who is finding it extremely difficult to raise money for meeting his agricultural and other necessary expenses. The co-operative societies in rural areas are not able to come to his aid because they themselves have no money to spare and they cannot hope to get further advances from the Apex Bank on account of their default in respect of loans due from them. While the Apex Bank has large funds for which it is not finding any investments among the primary societies and is refusing to take further deposits the agriculturist who is in need of them is not able to get the benefit of these funds.

DEBT CONCILIATION

The unprecedented depression during the last five years has hit the people hard especially the villagers. Prices of all kinds of staple agricultural produce have fallen so low that it has become a problem to the villager to meet his ordinary and necessary expenses not to speak of his utter inability to find money for the payment of interest on his debts which grow heavier and heavier with the advance of time. The price of land

has fallen so low that in many cases even if all their lands are sold the villagers are not able to free themselves from the burden of debt. Almost all creditors realise this and especially after the extension of the Agriculturists' Relief Regulation to the whole State they have given up all hopes of recovering even the principal amount advanced. In a situation of this kind it is necessary that some measures must be adopted towards debt conciliation. The debts due should be moderated and the amount so moderated should be advanced on proper and adequate security by the Land Mortgage Societies and recovered in instalments extending over a sufficiently long period.

CO-OPERATIVE MARKETING

The economic condition of the villager would not be improved very much by the credit side of the movement alone. Steps should therefore be taken to increase his earning power also. In these days of depression the agriculturist should be taught new methods of getting a greater yield from his lands and securing better prices for the produce of his labour. Though the devising of new methods is within the province of the Agricultural Department co-operative institutions can be instrumental in helping the villager to derive the benefits of such new methods. Facilities should be provided for the marketing of his produce by establishing Co-operative Marketing Societies. There exist no doubt already a few societies for the marketing of cotton, cardamom and arecanuts. Though some of these have been doing good work they cannot on the whole be said to be in a flourishing state and the volume of their business is insignificant in comparison to their possibilities. Until such societies are established the agriculturist who is now at the mercy of the middleman cannot hope to get for his produce the price that he has a right to get. Moreover the agriculturist who has no work for about six months in the year should have some subsidiary occupation which would add to his income. What those occupations should be must be determined with reference to local conditions by the co-ordinated efforts of the Agricultural Department, the Department of Industries and Commerce and the Co-operative Department. In fact an intensive campaign of rural reconstruction on a co-operative basis should be inaugurated if we are ever to reach the ultimate goal of

Agricultural Co-operation is better farming better business and better living

NON CREDIT CO-OPERATION

The cottage industries in the villages which give sole occupation to some and subsidiary occupation to the agriculturist have not been organized on a co-operative basis on a large scale. It was no doubt realised almost from the beginning of the movement that the application of co-operation to these industries would prove highly beneficial. Societies were started for weavers, sericulturists, sandalwood carvers, metal workers and the like. Though they may have shown some promise of development in the initial stages, they have sadly failed to fulfil the expectations formed of them. The sericultural societies are at present not more than 20 in number with a membership of less than 500. Their main function is now confined to the supply of disease free eggs. By proper organization and expansion of these societies co-operators can control the entire trade in Mysore silk which till recently was of the value of about a crore of rupees per annum.

Nor is the position of the weavers societies any better. There are 64 of them with a membership of 2,200 and working capital of Rs. 1,39,000. Originally they were intended to supply raw materials to their members and market their finished products. Many of them have now degenerated to mere credit institutions advancing small loans to their members. Their total transactions in the year 1934-35 amounted only to Rs. 3,39,000 of which the greater part was mere advance and recovery of loans.

The failure of societies relating to these and other cottage industries is I believe mainly due to the absence of qualified workers and lack of proper preliminary education and subsequent guidance. Handloom weaving and sericulture are the two cottage industries which play a great part in the rural economy of the State. Measures should therefore be urgently devised to re-organize them on sound business lines. In the Madras Presidencies where handloom weaving is the chief cottage industry an attempt has been made recently to organize it on a co-operative basis with a subsidy from the Government. A Provincial Co-operative Society called The Madras Handloom Weavers Provincial Co-operative Society Ltd. has been started. It is necessary that similar organizations should

be started for the handloom weaving industry and the other for sericulture should be started in Mysore in the immediate future with a legitimate financial help from the Government till they are able to stand on their own legs. The Government have already been assisting the organization of the Land Mortgage Bank in this way and will I trust take the initiative and start these new organizations. Besides these two major cottage industries there is a very large scope in the State for developing a number of minor industries such as cattle breeding, dairy farming, dairy farming, mat making, basket weaving, etc. This development should proceed simultaneously with the provision for marketing facilities for the products of these industries.

FINANCING BANK

The rural credit is now financed for the most part by the Provincial Apex Bank. This function was expected to be discharged by the District Central Banks which were to attract local capital that would otherwise have been invested elsewhere and to advance it to rural societies and to supervise their working. Somehow these Central Banks have not succeeded in any of their aims. They have not inspired among the investors the same amount of confidence as the Apex Bank. Whether it is worthwhile to re-organize them at a point to be considered. Generally speaking the District Central Banks are no doubt more serviceable since they are in a better position than the Apex Bank to know the condition of the societies in their district and exercise better supervision over them. But since in this State which is compact and homogeneous the farthest village is not very distant from Bangalore the headquarters of the Apex Bank the absence of the District Central Bank far from proving a handicap may be eliminating the expenses of an intermediary organization result in providing finance to the rural societies at a cheaper rate. It must however be noted that the Apex Bank though it has gained the confidence of the investing public has not been able to attract to itself on a large scale the surplus funds of the co-operative institutions and other investors of the mofussil. This is mainly due to the fact that the investors have no facilities close at hand for transacting business with the Apex Bank. Until such facilities are provided the surplus funds of many societies and individuals will continue to be invested

in Government Treasuries and Joint Stock Banks of the place I would, therefore, suggest for the consideration of the authorities of the Apex Bank the immediate opening of branches in suitable places with Local Advisory Committees. This will not only bring in more money to the movement but will also enable the Apex Bank to exercise, through the local committees better supervision over the working of the societies to which it has advanced funds.

URBAN CO-OPERATION

I have so far dealt with some of the problems of rural societies. The problems bearing on Urban Co operation are not less important though less recognized till now. The banking section of Urban Co operation has developed to such an extent that it can no longer be forced to follow in the footsteps of the rural movement. Its membership, finance and volume of business demand separate and detailed treatment not merely in reports and addresses official or non official but also in formulation of policy by the Government and the Department. It will not be far wrong to state that while drawing up circulars and recommendations, rural societies loom large in the minds of officers and make them oblivious to the special needs and interests of the urban societies. These societies require therefore treatment of an altogether different kind.

Though the number of these societies for the whole State is only 445 while the rural societies number 1,629 (1933-34) yet in respect of membership working capital reserve funds and management, they are very much better and occupy a very important place in the whole movement. They have a total membership of 71,793 and a total working capital of Rs 95,55,284 (1933-34). Most of them provide their own finance in the shape of share capital and deposits and only very few have borrowed from the Apex Bank or the Government and even in these cases the amount borrowed is not large. Of these urban societies 277 are credit institutions, 88 consumers societies, 28 house building societies and the rest are engaged in industrial co operation.

URBAN CREDIT INSTITUTIONS

The major number of the big credit institutions are situated in the cities of Bangalore and Mysore and the rest in district and taluk headquarters. Most of these are engaged in banking while a few have added the stores section to their business. Many

of them have large working capital ranging from Rs 20,000 to several lakhs of rupees consisting mainly of shares deposits and reserves. Their membership also ranges in strength from about hundred to nearly 3,000. The principle of small membership and mutual knowledge, essential for a rural credit society, cannot, in the very nature of things, be applied to these urban banks which must function as banks in the technical sense. It is unfortunate that in working these urban banks methods which are conducive to the welfare of only rural credit societies are being mechanically adopted though the two classes of societies are entirely dissimilar. In the case of rural societies the area of operation is compact and the membership small, the working capital is mainly borrowed from the Central or Apex Bank since the local deposits generally are insignificant, the liability of members being invariably unlimited, each member is individually responsible for the entire liabilities of the society, as the stake of each member in the business of the society is thus equal to that of any other, every member can claim to have a voice in its management. The same cannot be said of these urban banks with a large number of members not known to one another, with limited liability of members and with their own finance not furnished by the Central and Apex Banks but drawn from the large local deposits which can be attracted only by efficient management. Thus attraction of deposit is possible if the people have faith that the management is in the hands of a truly responsible body of men with sufficient stake in the business. These institutions were started and developed by many persons who took a keen interest in the movement and devoted a great portion of their time and energy solely in a spirit of service and without any thought of material advantage to themselves. Some of these institutions have hundreds of members drawn from many classes occupying different stations in life and differing widely in culture and outlook. The turmoil of keenly contested elections to the directorate of these institutions which has now become a regular feature and some of the practices which are unfortunately becoming current at most of these elections tend to exclude from the committee many experienced and ardent co operators and men with sufficient stake in the business. The result in many cases has been that

the standard set and maintained by early workers of these institutions shows signs of being perceptibly lowered. This is sure to undermine gradually but unfailingly the faith of the depositors who provide the bulk of the finances of these institutions. Professor H. I. Kaji who presided over this Conference last year has in his address at the Madras Urban Co-operative Banks Conference in December 1933 drawn attention to the evils of such inefficient management. He says: "This business is the safety of the depositors and shareholders is to be consulted has to be done on businesslike principles and not on what are loosely termed Co-operative principles. The former imply a large scale of operations efficiency of management, a full time paid staff and continuity of policy while the latter have come to imply honorary service or part time and untrained staff subject to the uncertainties of a democratic election imbued with the strong convictions that Co-operation means pity and soft corner for the borrowers comfortably losing sight of the fact that the softness of the corner might spell a hard knock for the depositor and the shareholder whose hard earned savings might thus be jeopardised by their inefficient handling. With the safeguards now existing in the Regulation and the Rules framed by the Government prescribing only one vote to a member irrespective of the number of his shares, the absence of proxy voting, the obligation to elect members of the Managing Committee every year, the restriction as regards the highest rate of dividend that can be declared, I do not think that we shall be departing in any way from the true democratic co-operative principles if we should insist upon the management being entrusted to persons who have some appreciable stake in the institutions, these persons being assisted by expert advice if necessary. The directors in charge of the administration of these institutions should be given as regards the internal management definite powers untrammelled by the undefined control of the general body. This would greatly minimise the tendency growing at the general meetings of these institutions where most of the members do not possess sufficient knowledge of details of working to pass resolutions overriding the decisions of the directorate even on matters expressly assigned to them by rules thus causing great confusion and shaking the confidence of the investors in

these institutions.

Another evil has crept into these institutions. The same person becomes a member of more than one co-operative institution engaged in the same kind of business in the same place. A multiplication of credit centres is thus created and temptations offered to members to borrow indiscriminately. In most cases the borrowing is for an unproductive purpose and the amount borrowed has no reference to the repaying capacity of the member. Many members are thus perpetually and heavily indebted to more than one society and are constantly transferring their obligation from one society to another. This practice is opposed to the cardinal principle of Co-operation. If the societies find it possible to pass bye-laws to prevent this evil on account of the destruction of such members, the Government I am afraid should issue under the Regulation the necessary rule to check this practice. Another question that arises in this connection is whether it is desirable to have a number of institutions engaged in the same kind of business in the same place. Whatever necessity there might have been at the commencement of the movement for the starting of so many institutions to serve the people of different divisions of the same town or city or the members of a particular community, there does not seem to be at present any need to perpetuate that policy. These institutions confined to a narrow locality and to a particular class of people and with small membership have not been able to gain stability and establish a reputation so as to attract local capital on a large scale and on easy terms. Instead of concentrating all available forces to build up strong and stable institutions, the energies of many men are frittered away in maintaining and managing institutions which from their very nature are incapable of expansion. I would ask those engaged in managing and developing urban credit institutions to consider seriously whether it will not be better and more economical as regards both money and energy to have for each object one central institution with branches all over the place to meet the needs of the people living in the different wards of the city or town.

ENCOURAGEMENT OF THRIFT

One of the chief objects of Co-operation is the encouragement of thrift, which seems to be well-nigh neglected. The urban banks

are becoming mere money lending institutions. Many of them however, have introduced a system of *Provident Fund* under which a member subscribes a fixed amount every month and at the end of a specified period receives a bonus in addition to the amount subscribed. The subscription to this *Provident Fund Scheme* is at present optional on the part of the members. To inculcate in their minds the idea of thrift which is one of the cardinal principles of Co-operation and to enforce it in practice would it not be better to make the holding of a *Provident Fund Bond* an indispensable condition of membership like the holding of a share. Some of our urban banks have successfully introduced this system of compulsory *Provident Fund* and I hope it will not be long before it becomes a regular feature of every urban bank in the State.

CONSUMERS CO-OPERATION.

The Consumers Co-operative Movement has been practically a failure in most of the Provinces of India. South India is however an exception. Next to the Madras Presidency Mysore can claim the credit for successfully working societies of this type. There are 88 co-operative stores societies in the State with a membership of 16,357 and a total working capital of Rs. 17,99,896 (1933-34). Of them 3 societies in Mysore City with a membership of 5,000 and 7 in Bangalore City with a membership of about 6,000 do a large amount of business. The need for such societies is keenly felt especially in the cities and certain industrial areas of the State. This branch of the movement has not however been developed on a scale commensurate with its importance and possibilities. It must be admitted that the administration of these stores is much more difficult than that of credit institutions. Expert management and loyalty of the members are the two indispensable conditions for their success. They cannot prosper in small towns and villages because the customers are few, the turnover small and overhead charges heavy. Unless we have a powerful wholesale organization with large funds we can not think of spreading the movement in all the small towns and villages of the State. The disadvantages of the absence of a wholesale organization can however be partly overcome in large cities. In almost all these isolated stores working in the towns the complaint prevails that the selling rate of certain articles is higher than in the market.

If all these stores societies are federated in one wholesale organization the advantages derived will be immense. It will be possible to make large purchases at cheaper and wholesale prices, meet the requirements of the members in a fuller measure and keep the selling rate reasonably low. There will be less of rivalry among the societies working in the same area and more scope for expert management which the individual societies cannot now afford. Until this stage is reached the different stores societies should at least begin pooling all their requirements and ordering them at cheap wholesale rates from one reliable source of supply. An attempt has been made in this direction on the initiative of the Chamarajapuram Co-operative Stores Ltd., Mysore for the purchase of sugar from the Mysore Sugar Factory at Mandya. The same policy can with advantage be adopted in the case of cloth, rice and other staple articles sold by these stores on a large scale.

HOUSE BUILDING SOCIETIES

The tackling of the housing problem in cities and towns is another important activity embraced by the co-operative movement. There are at present 22 of these societies exclusively concerned with the granting of loans for the purchase, construction and repairing of houses. These loans are repayable in instalments spread over a fairly long period. It may be stated here that some urban credit institutions have also advanced very large sums for the purchase and improvement of houses. The idea of providing to the people living in villages healthy houses suited to their means cannot be realised without large funds and is bound to remain a pious hope until the problem of rural reconstruction is tackled in right earnest. Meanwhile the problem of housing has become acute in the cities of Mysore and Bangalore as well as some of the districts and taluk headquarters. The Government of Mysore have been liberally granting advances to their officials for this purpose and have also allotted three lakhs of rupees for advances to house building societies. With all this only the fringe of the problem has been touched. I believe that in the meanwhile the house building societies should extend the scope of their activities and instead of contenting themselves with granting loans for buying or building houses they should think of themselves constructing houses and selling them to the members on

terms suited to the members' needs. For lack of these facilities many members who have borrowed from these societies have started building houses on a scale which is beyond their means and which has ultimately landed them in difficulties. A Central Housing Society with a capital raised by the issue of debentures should tackle this problem in the same way as the Land Mortgage Bank is attempting to solve the problem of rural indebtedness.

EDUCATION AND PROPAGANDA

I have so far described some of the activities of the co-operative movement in the State tracing the progress it has made and pointed out the defects noticeable in its working. The chief obstacle to the rapid progress of the movement appears to me to be in the first place the insufficiency of trained men to organize and work the institutions on business lines and secondly the ignorance of the mass of the people about the true aims and functions of co-operation. All around we hear the complaint that when once the institutions are started there are not enough men forthcoming to manage them. There has been so far no systematic attempt to train men for the management of co-operative institutions. Some spasmodic efforts were made in 1927 and 1934 in this direction and a few courses of lectures were arranged in Mysore for a small number of people. But it is absolutely essential to start a Co-operative Training Institute in order to create a class of workers specially qualified to manage the institutions efficiently. Thus by itself would not solve the problem unless at the same time propaganda on a vast and intensive scale is carried on to educate the people in the principles of Co-operation. The inhabitants of rural areas and in many cases of cities and towns also not only do not possess correct notions about co-operation but on the other hand entertain very many positive misconceptions about it. Most people as has been already stated are under the impression that co-operative societies are philanthropic and charitable institutions where business principles have no application. This and similar other misconceptions can be removed only by education and propaganda.

Some work in this line has no doubt been done by holding conferences and publishing a Journal. But the Journal has not been of much avail since most of the rural inhabitants are illiterate. The holding of confer-

ences has its own uses, but I believe it does practically nothing for the mass of the people. What we need is a permanent organization which will be able to send out to the villages qualified men who would work in the true missionary spirit and spread the gospel of Co-operation. There is already the Mysore Co-operative Institute with propaganda and education as two of its chief aims but it is handicapped for want of enough men and sufficient funds. The small grant the Institute gets from the Government is hardly sufficient to meet the running expenses and cover the cost of publication of the Journal which in spite of repeated appeals has not been able to secure a sufficiently large number of subscribers. Thus the work of co-operative education and propaganda is now confined to what is being done in a small way by the Inspectorate of the Department which by its very nature is limited in its scope. In these days of unemployment it would not be difficult to find a number of educated young men imbued with a spirit of social service who would willingly undertake this work if proper training and encouragement are given to them. If at least the prosperous co-operative institutions should all realise the importance of this work and make it their duty to set apart as in the case of Reserve Fund a certain percentage of their profits for this purpose a large amount of money can be collected without any hardship to the members. This contribution supplemented by a generous grant from the Government will help the launching of this necessary and laudable scheme of co-operative education and propaganda.

CONCLUSION

There have been of late coming to light some lapses and shortcomings on the part of workers in the societies. No condemnation of these can be too strong. The discovery of these defects has influenced the Government to tighten the departmental control over the co-operative institutions and can be seen from the amendments to the Regulation and the recent rules issued thereunder by the Government. This step is considered by some as depriving the whole movement of its non-official character. At the start of the movement full autonomy was given to the institutions to manage their own affairs the Department exercising powers of supervision and guidance. If to day the Department is tightening its grip I think it is partly because we have also given room

for it. All over the country people are complaining that many institutions are not working well that many are dormant and that the management in many cases inefficient. It cannot be denied that in many cases the complaint is well founded. Since the Government and the Department as has been already stated started the societies before doing the necessary preliminary work of educating the people in the principles of Co-operation I do not think that the Government can feel that it has discharged its duty by the mere promulgating of Rules and Regulations and taking drastic steps to sup-

press the societies working inefficiently. The winding up of societies on a large scale instead of increasing efficiency has a strong tendency to scare people away and retard the progress of the movement. It is necessary that at this juncture both the officials and non officials should work together and pull it out of the unsatisfactory condition to which it has at present fallen so that Co-operation in the State might make steady progress along right lines and unfold its immense latent possibilities for the good of the people.

Coffee.

The Empire Producer the journal of the British Empire Producers Organization in their May issue referred to the Coffee Que monnaire that they circulated within the Empire as well as elsewhere with a view to obtaining a world market survey of coffee. The replies naturally come along in batches always interesting and often very useful showing how the coffee is distributed and which kinds are preferred or otherwise.

The Kenya coffee men according to *The Planter* of Tanga are reorganizing their coffee auctions. The wish has been to establish on non profit making lines regular competitive auctions to be patronized by all interests. As this was not possible their Coffee Board and the Coffee Trade Association of Kenya have agreed to run auctions as from July 1st next and one notes in the following particulars the importance to be attached to liquoring as contrasted with purchase by sight —

(a) To offer coffee for sale and to sell coffee in public auction (b) to offer coffee for sale by private treaty to licensed coffee dealers and to sell the same when such coffee has been offered but not sold in public

auction (c) to provide a service of liquoring advice (d) to provide a comprehensive service of market advice.

While the auctions will not function outside Kenya it will be fully competent to handle the sale of other than Kenya coffee and there are no restrictions placed on the type of coffee that the auctions may offer for sale.

The charges for the sale of coffee in auction will be (a) one per cent of the gross sale proceeds realized on coffee sold on behalf of a licensed coffee dealer (b) one and one half per cent of the gross sale proceeds realized on coffee sold on behalf of any person not a licensed coffee dealer both these charges being subject to the addition of the incidental sales charges incurred under the rules of the Coffee Trade Association.

On the staff will be a coffee taster whose advice will be available to any licensed coffee planter or coffee dealer upon terms to be decided by the Management Committee. The taster will be a salaried employee of the Board and will be entirely independent in his liquoring reports all sellers will thus have the satisfaction of an unbiased opinion.

The Government of India have sanctioned a loan of Rs. 2 lakhs to the New Delhi Municipality in connection with the Agricultural Research Institute.

The Mysore Government have appointed a committee to inquire into the condition of the co operative movement in Mysore.

International Survey of Cartel Legislation—II.

By Dr. J. W. Reichert, Berlin,

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III.—POST WAR LEGISLATION IN EUROPE

Although there are considerable differences between American and European legislation the former has undoubtedly exercised a strong and lasting influence on the latter. However in the course of the last ten years or so since broadly speaking, European cartel law first came into existence the tendency in Europe has been to abandon a policy of repression and opposition in favour of a legislation sanctioning and encouraging the formation of cartels. The result has been that in a number of European countries the relationship of the State to the cartel has undergone a complete change. At the same time the attitude of the cartel to outsiders has also altered. A striking example of this is the creation of compulsory cartels with State backing or what comes to the same thing the introduction of measures compelling outsiders to join existing cartels.

The more the legislator concerns himself with cartels the less mere prohibitions concerning price raising the discriminatory treatment of buyers and so forth suffice and the more the State takes a hand through its administrative departments in the practical management of business. It is true that in Europe cartels are sometimes absolutely prohibited as for instance in Yugoslavia. But speaking generally the aim of European legislators is not to suppress cartels altogether but merely to place them under Government supervision and to influence their development.

Further the attitude of the general public to cartels in Europe and America has differed for some time now being less negative in the former than in the latter. The attitude adopted towards international economic organization shows how far a State policy of approval and encouragement can go. If in the case of a number of important agricultural and industrial products the Governments of the various countries have adopted far reaching measures for the regulation of national markets it is only natural that in so far as such governmental measures are impossible on the international plane the State should be prepared to encourage

and not hinder the independent efforts of private interests to achieve the same ends. In most cases international cartels have been preceded in the home market by national cartels for the same branches of industry. The more industrialization makes it indispensable to find outlets abroad the more urgent it becomes to reach agreement with foreign competitors and regulate markets both nationally and internationally.

1. Germany

The German Cartel Decree of 1923 was the outcome of the collapse of the mark. Its main object was to protect the consumer from an excessive rise in prices. That does not mean however that the German legislator approached the cartel problem in a spirit of antagonism. The Decree of 1923 is liberal in intent and tolerant of all contracts and agreements which comprise obligations concerning the regulation of production or marketing or concerning the application of special business conditions or agreed prices.

However German law requires cartels syndicates combines and other such agreements to be concluded in writing, if they are to be valid legally. Moreover a certain limit is set to the activities of both national and international cartels. If they are found to imperil economic life as a whole or the public welfare the Reichsminister of National Economy can take various effective measures against them. He can declare agreements and contracts to be null and void. He can allow parties to a contract to cancel it without notice or withdraw from agreements on specific points and in certain cases can bring an action before the Cartel Court and have penalties inflicted.

However it is not only in its fundamental recognition of cartels that German legislation differs from American. By the Cartel Decree of 1923 Germany also set up a special Court for the settlement of cartel disputes. The relations between the cartel and the State and between the cartel and its members have brought into being a new legal situation calling for the creation of a special court able to handle the cases with the neces-

various knowledge and experience. The Court is so composed that, out of the four assessors who assist the judge in his functions, two are chosen from a competitive list of expert economists.

The example of Germany in adopting a fundamentally tolerant attitude to cartels has been followed by most other countries, and in several among them—Poland, Czechoslovakia, Hungary and Bulgaria—special Courts have been created.

With regard to the development of German administrative law governing cartels, far greater powers have been given to the Minister of National Economy during the period 1930-1935 than he received in 1923. Under the 1923 Decree he could only intervene in certain specified cases, that is when the public welfare or economic life as a whole were considered to be endangered by unjustified restrictions on production or sales, excessive price increases, boycotts or discrimination in prices and sales conditions with the effect of restricting economic freedom. Following the emergency Decree of 1930 the Minister of National Economy can intervene whenever the efficiency of production or of the exchange of goods or services is impaired, or freedom of trade is restricted in an unwarranted manner.

While the emergency Decree of 1930 showed a tendency to limit the activities of the cartel to a certain extent, the National Socialistic Revolution of 1933 brought with it a fundamental change in German cartel legislation. The passing of the Compulsory Cartel Act on July 15th 1933 marks the beginning of a new period. It should be remembered that as far back as 1910 a compulsory syndicate had been formed in the potash industry, a precedent which, at the beginning of the War, was followed by a compulsory syndicate in the coal mining industry, then by others in the post War years, in the peat spirit, matches and cigarette industries. In Italy too under Signor Mussolini's Fascist regime a law was passed in 1933 concerning the creation and conduct of compulsory cartels while Spain had taken similar measures as early as 1926.

According to the provisions of the German Compulsory Cartel Act the competent Minister is empowered to group enterprises into cartels and to oblige outsiders to join existing cartels if their adhesion appears to be in the interests of the public welfare and of economic life as a whole. When such

compulsory cartels are formed, the Minister may lay down the rights and duties of the members, irrespective of contractual stipulations. Further, as a means of protecting branches of industry, whether cartelized or not, from excessive development the Minister has the power to prohibit, or make subject to his authorization, the creation of new undertakings or the enlargement of old.

By the 1933 Act, the German Government recognizes and encourages cartels by setting up a conciliation office to which appeal can be made with a view to protecting the interests of existing groups or to extending the scope of incomplete cartels to the whole of the branches of industry in question. This right of appeal belongs to the undertakings concerned as well as to the Ministry. The conciliation office is attached to the 'Reichsgruppe Industrie', formerly the 'Reichsverband der Deutschen Industrie' and its activities continue as a result of the voluntary collaboration of the interests concerned. The practical value of this institution is considerable, since it saves the Minister as well as the Cartel Court many difficult decisions.

2 Scandinavia

The Scandinavian countries hold a position apart among European nations as regards cartel legislation. Sweden has up to the present enacted no legislation specifically concerned with cartels. In 1931 Denmark promulgated a law, striking in its brevity, which ordains the supervision of cartels, trusts and other similar combines, with a view to preventing excessive price increases. A special official Commission of Control is endowed with far reaching powers of investigation and the undertakings concerned are bound to give any information required. If on investigation it is found that prices are too high the Court may declare the contract to be invalid and not binding.

Norwegian legislation relating specifically to the control of combines dates from 1926 and is far more detailed than that of Denmark. In many respects it is similar to that of North America and more particularly to the Canadian system. In the first place, the Act of 1926 lays down the obligation to give notice of and to register, combinations for the purpose of regulating prices or conditions of production or marketing, it also requires from them regular reports and information concerning prices. Further the Act prohibits unjustifiably high prices and restricts the right to establish minimum

prices. It empowers a Council of Control to regulate prices at a level other than that fixed by the combination. A further restriction of the activities of cartels consists in the fact that in default of registration or in association or agreement the obligation to adhere to the association or agreement is not legally valid. The Council of Control can also dissolve associations if their influence is found to be harmful to internal prices, production or marketing. Similar measures can be applied to the decisions taken by the associations. Boycotts are likewise prohibited as well as exclusive agreements and price discrimination.

3 *Eastern Europe*

The provisions of the cartel laws of Hungary (1931), Bulgaria (1931), Poland (1933), Czechoslovakia (1933) and Yugoslavia (1934) are far more minutely framed than those of Norway. They are in many respects similar to the German laws both in their recognition of the principle of cartels and in their requiring that contracts and decisions must be written if they are to be valid. The same applies to the powers given to the Minister of National Economy to intervene in case of danger to the public welfare whether by appealing to the Court or by using the administrative powers of the ministry, which even include the power to dissolve the cartel.

American legislation has also had a far reaching influence. For instance the creation of a cartel register, the obligation to give notice of important decisions supported by the production of documents, the appointment of official cartel commissions and the power of the authorities to withdraw customs and taxation privileges.

Jugoslav legislation stands alone. Not only are cartels entirely prohibited but associations formed for the regulation of markets are only tolerated on condition that their contracts and decisions are expressly approved by the Ministry of National Economy.

4 *Western and Southern Europe*

Belgium, France, Holland, Italy and Spain form a special group among European countries in as far as the conception of compulsory cartels plays a central part in their cartel legislation. Spain was the first in 1926 to issue a decree for the creation of compulsory cartels. Italy followed suit in 1932 while the laws of Belgium and the

Netherlands are of quite recent date, having been enacted as late as 1935. In France a Bill has already passed the Chamber of Deputies and will be laid before the Senate in the spring of 1937. According to recent information in the press, Austria and Czechoslovakia are also intending to make price agreements concluded by certain branches of industry compulsory for all concerns in those branches.

The general object of all this compulsory cartel legislation is to combat the economic crisis, although of course the compulsory regulation of markets presupposes the general agreement of the business interests concerned. However, the detailed stipulations differ from one country to another particularly as procedure to be followed by the administrative authorities or Courts of arbitration in case of disputes.

It is impossible to say as yet to what extent these laws have been applied in practice. In Belgium, France and the Netherlands they are still only in the first stages of development. In Spain on the other hand where they have been in force rather longer important experiments are being made particularly in the wine trade, the lead mines and other similar branches.

It is noteworthy that Fascist Italy which had previously created by special decrees a number of compulsory cartels for her iron, steel and silk industries, has not formed any further cartels of that kind since adopting the general Compulsory Cartel Law.

In Germany, since the enactment of the Compulsory Cartel Law compulsory associations have been formed for the duration of the law in the following industries: fine wire products, printing and writing paper, fittings, glass, motor tires, tobacco, soap, cement and cigarettes. The German Minister of National Economy has only in comparatively few cases exercised his right of coercion; the principle of free association thus plays a far more important role than the application of coercive measures.

Finally, it is worth noting that even in Great Britain, which is traditionally opposed to State measures of compulsion in economic affairs, the Coal Mines Act of 1930 constitutes an exception to the general rule in so far as it provides for the creation of executive boards for every coal district and aims at determining quotas, regulating output and fixing minimum prices.

World Trade.

Need for Better Distribution

Paris June 26 1935—The second part of the morning meeting presided over by Mr Ehot Wadsworth President of the Boston Chamber of Commerce (United States) was devoted to problems connected with the distribution of consumer goods.

Mr Edward A Filene (Boston) said that the supreme need of the times was a system of distribution which would provide an adequate outlet for the new and almost magically productive system of production. If this was not done efficient and inefficient distributors alike would all face ruin.

The whole business system was threatened with extinction but this would not happen if the standard of living of the masses were going up as it necessarily would go up if modern production had an adequate market for its products. Only the masses could absorb the products of industry to day. Not only business prosperity but social stability and world peace depended upon our eliminating the wastes of distribution. The workers must be able to buy enough to keep themselves employed.

ROOM FOR IMPROVEMENT

M Emile Bernheim (Brussels) Vice Chairman of the Distribution Commission said that the cost of the various operations connected with transferring commodities from the point of production to the consumer is frequently estimated as amounting to 40 per cent of the price paid by the consumer. Could anyone honestly deny that this margin presents a very broad field of action for the improvement of the efficiency of distribution?

But has the distributive machine become obsolete, he continued. Let me make my meaning quite clear.

Immense improvements have been brought about in production through technical progress which has provided the world with absolutely first class equipment and steadily reduced the cost of manufactured goods. Nothing corresponding even remotely to this evolution has occurred in connection with the forwarding of the same goods to the consumer.

This is not hard to explain. Production is so to speak perpendicular and distribution horizontal. At the present time from

80 to 85 per cent of all transactions in the retail trade stage of distribution are carried out in the great majority of countries by what we are accustomed to call the small retailer. This parcelling out although indispensable makes any form of rationalization more or less difficult.

There were many ways of reducing distribution costs. Existing sources of information were not sufficient to meet the producer's requirements for accurate knowledge of the needs of the market and of the most economical channels by which they could be supplied. The producer must have at his disposal statistics on the distributive enterprises and the purchasing habits of the consumers and it is commonly just these habits with which it is least familiar. What he does happen to know about them he often learns too late when his sales are beginning to fall off. The great problem with which the Distribution Commission had been occupying itself was the improvement of methods in use in the retail trade. The impulse given to the study of distribution problems by the Commission was most valuable. It was up to distributors to profit by the knowledge so placed at their disposal.

FORECASTING CONSUMPTION

Professor Colin Clark (Great Britain) said that scientific forecasting of consumption was possible for three purposes. (1) The forecasting of the demand for a new article or for an article whose price had been reduced by means of market investigation. (2) The estimation of the purchasing power of any particular town or district and its potential demand for various classes of commodities. (3) Upward and downward movements in general business conditions whether on a national or international scale are caused by a number of factors the more important of which can be isolated and analysed.

SEA TRANSPORT

At the Sea Transport meeting in the afternoon presided over by M Frederik Odjell representing the Norwegian Shipowners Association the progress made toward the universal adoption of The Hague Rules was considered.

WORLD TRADE

The problem of surplus tonnage and minimum freight rates agreement as well as the co-ordination of sea and air transport was also considered.

Mr Charles S. Haugh (United States) said that after 14 years of activity on behalf of The Hague Rules and with their recent ratification by the United States Senate it was now probable that countries representing 87 per cent of the world's tonnage would adopt these rules.

Sir Alan Anderson said that this reform would be a boon to shipowners.

SHIPPING CRISIS

Mr L. C. Harris (Chamber of Shipping of the United Kingdom) emphasized the parlous condition of the world shipping today. He referred to the damage which is being done by political interference especially by the supply of needs in case of war and to the danger therefore of shipping being prevented from accomplishing its task to the economies of peace and commerce which was one of the worst factors crippling trade today.

Mr W. Leslie Kureman said that it was useless to attempt to rationalize the supply of shipping services if the demand for them continued to diminish since rationalization would only mean fewer and fewer ships. The shipping industry was a cogent example of the need to restore international trade.

Draft resolutions on the rationalization of tonnage, rationalization of freight and the need for the restoration of world trade were approved for submission to the Congress as a whole on Saturday.

INDUSTRIAL PROPERTY RIGHTS

The meeting on the "Protection of Industrial Property Rights" presided over by Mr J. E. James (Great Britain) reaffirmed the opinion expressed by the International Chamber of Commerce at Vienna in 1933 to the effect that news whatever may be its content and mode of transmission should be protected against misappropriation. For this purpose after agreement has been reached as to the precise limit of the protection to be granted to Press news there should be included in the international convention for the protection of industrial property a provision directed to ensure that the publication of news obtained otherwise than by regular and unobjectionable means as afore-said be considered an act of unfair competition so long as such news retains its commercial value. A draft standard law

drawn up by the I.C.C. Committee on the subject of industrial property rights was presented to the Press and was received with approval by the members of the I.C.C. Conference.

GRAND PRIZES

The meeting considered the results of the Grand Prize competition which expressed the views of the participants on the subject of industrial property rights. The prize was awarded to the author of the paper on the subject of industrial property rights for the purpose of the competition. The prize was awarded to the author of the paper on the subject of industrial property rights for the purpose of the competition. The prize was awarded to the author of the paper on the subject of industrial property rights for the purpose of the competition.

A resolution was adopted by the Congress on the subject of industrial property rights. The resolution was adopted by the Congress on the subject of industrial property rights. The resolution was adopted by the Congress on the subject of industrial property rights. The resolution was adopted by the Congress on the subject of industrial property rights. The resolution was adopted by the Congress on the subject of industrial property rights.

STABILIZATION OF EXCHANGE

The Secretary of the American Delegation submitted the following draft resolution on stabilization on its behalf to the Resolutions Committee —

The International Chamber of Commerce declares that stabilization of the foreign exchange rate is the basis of the imperative for effective world economic recovery. Therefore the Chamber urges the principal Governments concerned to inaugurate immediately appropriate action for the purpose of formulating and putting into effect an agreement for such stabilization and to take all necessary steps for adjusting their national economic policies to the requirements of a stable functioning of an

international gold standard over a long period

This declaration is based on the following considerations —

1. Uncertainty as to the monetary policies of the principal trading nations and instability of the foreign exchange rates have led to a freudonian of international trade and must continue to lead to its further dislocation
2. Monetary uncertainty and foreign exchange instability inevitably lead to such developments as the establishment of compensatory tariffs and quotas designed to protect local markets from invasion by countries with depreciated currencies the cessation of international long term investments flights of capital and increases in the volume of international short term debts exchange controls and embargoes in the free movement of capital the

hoarding of gold and foreign exchange.

3. Postponement of stabilization until the price level has first been raised may lead to a deterioration of the position, since currency instability and currency depreciation have themselves deflationary effect. Far from hindering a rise of prices stabilization is one of the quickest methods of permitting natural forces to bring about a general recovery in the price level
4. Postponement of monetary stabilization until harmony has first been established between internal and external price levels must lead to a deterioration of the position since the disharmony is itself in large measure the effect of currency instability and the restrictions which have resulted from it
5. Monetary stabilization can in practice be obtained only by the re-establishment of an international gold standard.

A important provision of Insurance Law in China indicates that a cash deposit must be made with the national Treasury by an insurance company which has established its head office or branch office within the territory of China. This also applies to a company which appoints only agents or brokers to represent it in its transaction of business. Where an insurance company has paid up capital in excess of \$500,000 the deposit to be paid on that sum is 10 per cent and on any excess amount a deposit of 5 per cent is required

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Such progress is being made in Germany in the production of synthetic substitutes for certain raw materials that there is little doubt that in 1937 Germany will need only one third of her present regular cotton imports, less than half of her average rubber imports, and only one fifth of her oil and petrol imports. Nor is this all. Substitutes for wool give different derivatives from wood oil cake ground nut—this particularly affects South India—and soya beans are already on the market and German cattle are now being fed on food produced from wood

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Rev. W. E. Fomlimson who has spent some thirty five years in Mysore villages contributes an article on 'Some Messages of the Gospel for Village India' in the *International Review of Missions*

Speculative forecasts about the recommendations of the U.P. Unemployment Committee continue. One is the setting up of employment boards. Another important one referring to the legal profession says that the course of legal studies be revised and the period of study increased to three years and that there should be a division of work among the legal practitioners i.e., some specialising in chamber practice like drafting and conveyancing and others conducting cases before the courts. The final meeting for adopting the report will be held sometime in November

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The richest man in the world is about to publish the world's most remarkable book. The author is the Nizam of Hyderabad, absolute ruler over 13,000,000 subjects and owner of a fortune in gold goods and gems believed to exceed £500,000,000 in value. The wonder book on which he has now been engaged for several years will commemorate his Silver Jubilee in December. All of it will be written by the Nizam himself and the book will contain what he considers to be the finest of his poems. Every page will be sprayed with gold. Every word has first been inscribed on large blocks of marble with a steel pen. Then they are transferred to the Nizam's special antique paper and the royal artists will then decorate each page with a green-golden border which he has himself designed.

Canadian Trade and Finance.

Benefits of Cheap Money

Montreal July 30 1935 — I or some time current discussion on financial matters has tended to stress the importance of a cheap and plentiful money supply as a basis for recovery. We take second position to no one in agreeing with this point of view. Readers of our Monthly Letter will recall that from the very beginning of the depression we have never ceased to advocate Government and Central Bank action to arrest deflation but now that the idea has become popular there is a real danger of its being over emphasized. To the man on the street the banks as custodians of other people's money always appear to be prosperous and he is therefore prepared to believe that the banks possess some magic power the benefits of which they are inclined to withhold under existing conditions and that at any rate they could through lowered costs of borrowings make a substantial contribution to recovery. The truth of the matter is that the reductions that have already taken place in the rates of interest paid on deposits have all been passed on to the public. Banks' gross earnings are running under normal but offsetting this is the fact that during a period of recovery the risk of losses from bad debts is minimized and many accounts formerly doubtful begin to improve. Furthermore securities except those of very short term appreciate in value. Nevertheless, any further general reduction in charges for bank advances cannot properly be expected unless coincident with further reductions in deposit rates.

But entirely aside from the practical considerations affecting the banks' operation it is very easy to over estimate the importance of lower rates on bank advances. The reductions in rates charged by banks on loans granted in connection with the distribution of goods contribute in a very unimportant degree to the cost of such goods. The dynamic power of a plentiful and cheap money supply in the hands of the banks asserts itself as it produces changed conditions in the investment market. When the banks steadily increase their investments under pressure of idle funds, an increase in the price of the highest grade securities necessarily follows. First short term and then long term interest

rates on gilt edged securities fall. As the yield on such securities becomes less attractive investment funds created by bank purchases of gilt edged securities begin to overflow as mortgage money and into the purchase of lower classes of securities in which banks cannot invest. It one compares the effect of long term financing on the one hand and the effect of reduced interest charges of the bank to agriculture industry and trade on the other hand it becomes apparent that the former is by long odds more important in creating conditions favourable to recovery and much of the benefit to be derived from a proper banking policy easily offset by any action or policy reflecting on the credit of long term borrowers when under existing conditions are mainly governments.

The position can be best understood by examining concrete examples. Thus a merchant borrowing in the ordinary course of business might reasonably be expected to pay interest to his bank on one tenth of his annual turnover but to a corporation which purchases funds to build or equip a factory or to a government which requires money to build roads wharves or public buildings the borrowings in bonds represent a total cost which is only expected to be amortized over a long period of years. In other words to a merchant a difference of one per cent in interest rates assumes relatively no importance in his costs but for any organization making capital investments the cost of which is only expected to be amortized over a period of say twenty five years a reduction of one per cent in the interest rate is two hundred and fifty times as important as in the previous case. In a discussion of electrification of British railways it was pointed out that based on an assumed normal set of conditions the scheme would be a great success from an earnings point of view if the funds could be borrowed at 3½ per cent but a flat failure if it were necessary to pay 5½ per cent interest.

It is possible that the average rate of interest in Canada may recede somewhat further but in our opinion the movement as far as banks are concerned has gone as far as is necessary to give the proper stimulus

to orderly recovery. Present or lower rates of interest on long term borrowings will depend not so much on pressure of the banks to invest their funds, as on the confidence of the investing public in economic and financial policies of governments.

BUSINESS CONDITIONS IN CANADA

Month by month the volume of activity in manufacturing, mining and transportation in Canada shows consistent gain. In each month of 1935 there has been an improvement as compared with the corresponding month of 1934, and in May the official index of the physical volume of business for the country reached a new high of 103.2. During the first five months of the year the index averaged 98.8 as compared with 91.7 and 69.9 for the corresponding periods of 1934 and 1933 respectively. In terms of volume, the industrial production of the country is half as large again as in 1933.

In view of the prospective improvement in the farmer's purchasing power, a result of generally favourable weather conditions in all parts of the country, there has been less than normal seasonal recession in a number of lines of business this summer. Recently, there have been impressive gains in the constructions and farm equipment industries.

The agricultural outlook is favourable and without some unforeseen development satisfactory crops should be harvested in most parts of Canada. The marketing of a substantial wheat crop will present considerable difficulty as stocks from last year are still heavy and the carry over at the end of the present season will show little, if any reduction from a year ago. Shipments of live cattle to the United States have shown some abatement but in the third week of July amounted to 2,629 bringing the total for the year to 97,227. Exports of bacon to Great Britain also continue in satisfactory volume.

CHINA

In the face of war, major floods and acute internal difficulties the volume of internal business in China has remained amazingly stable throughout the world depression. Whether that stability can continue to be maintained in the face of the flooding of the Yangtze and the continued advance in the price of silver, is a problem of no mean difficulty. The last flood of the Yangtze in 1931 cost China 140,000 lives and damage to crops was estimated to amount to nine hundred million Chinese silver dollars. The present flood is said to be of even more

serious proportions. Moreover, ^{business} China is dependent upon silver as a medium of exchange and with the price of silver declining rapidly from 1928 to 1931 ^{business} activity in China continued to increase. In 1930 and 1931 there was a marked contrast between conditions in China and those in the rest of the world. In 1931 and 1932 the price of silver remained relatively constant and in spite of the great flood just mentioned, there was no major decline in the volume of business. In 1934 and 1935 there have been rapid advances in the world price of silver, and notwithstanding the efforts of the Chinese Government to prevent this from having a deflationary effect, the fall in Chinese commodity prices and in real estate values has produced a critical situation. It is particularly unfortunate that another flood should accentuate the difficulties of China at the present moment.

In an address before the American Academy of Political and Social Science last November, the Honourable Sao-Ke Alired Sze, Chinese Minister to the United States explained that when there is political discord in China, and even when there is considerable armed fighting, only local temporary and surface disturbances result, the underlying economic and social life of the people is not greatly affected.

He went on to state that the Westerner would be surprised could he gain a full knowledge of the movement for social and economic reconstruction which has been under way in the face of such difficulties. 'In result, I believe it is correct to say that nowhere else in the world, unless it be in Turkey, are there such profound changes taking place in all departments of national life as are to be observed in China.' Where there were three million children in the schools in 1921, the number is now said to be close to fifteen million. Whereas, until recent years China was a field for foreign exploitation, Chinese are now financing and carrying out their own public undertakings and managing their own railways, foreign trade and manufacturing establishments. Seven hundred and fifty thousand dollars of the budget of the National Economic Council have been devoted to the establishment of a commission for the silk industry with a view to studying problems involved in production, spinning and marketing. It is said that whereas the cotton industry employed 4,564 looms and 1,009,000 spindles

CANADIAN TRADE AND FINANCE

in 1915 it employed 52,850 looms and 6,400,000 spindles in 1934 and production has risen from 50 million square yards to 1,130 million square yards. In the interval Twenty years ago stated Mr Sze Chun had hardly one hundred miles of road through out her entire area and now China has more than forty thousand miles of improved roads and many more under construction. During the past two years alone roads built with the help of the National Economic Council amounted to 4,000 kilometres or about 2,600 miles.

At present a railway is under construction to connect north and south China from Hankow to Canton in the Lung Hai railway the extension of the north-south line facilitating the development of the north-west and the new Chekiang Kiangsi Hunan railway is expected to bring about closer economic and cultural relations between the south-east provinces. In 1931 when the Yangtze flood affected an area of 70,000 square miles inhabited by 25,000,000 people producing a crop loss amounting to \$900,000,000 one million Chinese engineers under the direction of a record time Chinese engineer repaired the damages in record time. Sir John Hope Simpson's report to the League of Nations on the flood he said:

When I first surveyed the flooded area I felt that the dikes could not possibly be repaired before the next flood season but it was done within six months and in Chinese engineers. These dikes of ours were not a foreigner's work. There was not a foreigner in the lot. Many of them one hundred and forty feet broad at the base and thirty to fifty feet broad at the top and they were thirty to fifty feet high. At one time we had one million four hundred thousand people working on the main river dike. The amount of dirt used would put a dike around the earth at the equator two metres thick and two metres high.

It should not be difficult to arrive at an understanding of the reason why Chinese business activity reached its maximum when the foreign price of silver was low. Since silver is the money of China a declining price for this metal would mean that each unit of money could be exchanged for a smaller quantity of goods. That prices in China would be advancing in terms of commodities prices, and the price of silver falling, however, and the price of silver falling at the same rate, then the purchasing power of silver will not change and prices in China

will remain stable. Stable prices facilitate business expansion. Under these circumstances there would be little or no contraction in the internal business of the silver country and exports alone would be affected by the reduced purchasing power of the rest of the world. In point of fact in the first part of the world depression the price of silver fell slightly more than did other commodity prices and there was a moderate advance in Chinese wholesale prices.

With this stimulus from a mild advance in prices Chinese production for internal consumption continued to increase even after the depression was well advanced in other countries. In foreign trade as might be anticipated the reduced buying power of other parts of the world reduced purchases from China in spite of the decline of commodity prices in terms of gold and Chinese imports fell off to a corresponding degree. On the whole however up to the end of 1934, the decline in Chinese imports and exports has been much more moderate than that in other countries. It is somewhat difficult to make any general statements about the foreign trade of China since the separation of Chinese statistics from those of Manchuria has introduced complications into the situation and the influence of silver priced purchases makes the result of the calculation of the balance of imports of doubtful validity. The following table then is intended to show an approximation of conditions rather than to be a statement of actual amounts.

1. In terms of Chinese national dollars, Chinese and Manchurian imports increased rapidly from 1925 to 1931. It should be noted that these statistics include no trade between China and Manchuria since such trade was not foreign trade during the first part of the period. The imposition of tariffs between China and Manchuria however has reduced what was formerly internal trade by an appreciable amount.

2. With the continued decline in world commodity prices in gold, the importation of exactly the same amount of goods would result in a declining total value as measured in gold prices. These gold import statistics from the League of Nations seem to show a steady decline in Chinese imports from the beginning of the period.

3. If the League of Nations gold figures are corrected for the depreciation in the gold value of the pound sterling, and if these

	Chinese and Manchurian Imports			Gross Imports corrected by Shanghai price index	Chinese Imports Bank of China index
	Silver Dollars (millions) 1	Gold Dollars (millions) 2	Approximate volume index 3		
1928	1,803	859	102	97.1	94.5
1929	1,972	920	100	100.0	100.0
1930	2,041	611	85	94.4	103.5
1931	2,233	521	70	93.4	113.2
1932	1,760	761	82	83.0	82.9
1933	1,870	363	81	95.5	68.2
1934	1,546	315	82	84.5	52.5

sterling figures in turn are corrected by the British Price Index, an approximate volume of imports may be obtained. British prices were employed because they are the nearest approximation to world prices. From this column it will be seen that after the decline between 1929 and 1930 the volume of Chinese imports remained relatively constant.

4 Chinese and Manchurian imports as corrected by the price index in Shanghai is another attempt to arrive at volume figures. It should be noted that though this column varies somewhat from column 3, yet on the whole the agreement is remarkably close. It is not at all certain whether column 3 or column 4 comes nearer representing volume.

5 When the heavy export of capital to Manchuria by the Japanese is taken into account the combined imports of China and Manchuria may present a picture somewhat different from that which would be shown in Chinese imports alone. Moreover with the increased purchasing power of silver in 1933 and 1934 there is another basis for divergence between volume and silver price statistics.

From the viewpoint of the Chinese importer or exporter the last column may represent the best index of Chinese trade. For its effects on world markets the second and third columns tell an entirely different story. Contrasts such as these exist in relation to the imports and exports of all countries as a result of the abandonment of the gold standard. Thus, between 1933 and 1934 the United States increased the dollar value of its exports by 453 million dollars and yet in terms of gold her exports decreased by 27 million dollars in value. In the same period, the dollar value of Canadian exports rose by 149.5 million dollars,

but the increase in gold value was only 23 million dollars.

The third and fourth columns of the table are attempts to measure the volume of Chinese imports. From both of these columns it would seem that the volume of imports throughout the period was relatively constant. Moreover, a constant volume of imports is obviously in better agreement with reports of continued activity of business in China than the picture provided by the gold column, for instance. Reports from business firms in China, from Trade Commissioners and from the banks of China are indicative of the maintenance of a relatively stable volume of trade.

Both from these trade statistics and from the continued improvement in business in China in the early part of the depression, it is clear that a low price for silver is a matter of vital interest to China. Quite aside from any humanitarian motives it would seem obvious that the agricultural bloc of the United States would ultimately recognize that the maintenance of a normal volume of production and trade in China would best serve their own interests, since the Chinese market is an outlet for both wheat and cotton. In spite of a special loan from the United States in 1934 to pay for these commodities there was a heavy reduction in Chinese imports of wheat flour and cotton. Need for these commodities will be acute as a result of the flood. It should not be overlooked however, that further sharp advances in the price of silver might well tend to accentuate the disorganization in China to the point where her imports will no longer help to relieve the congestion of the supplies of these commodities in world markets. China is one of the few markets where imports are in constant excess over exports.

A CHINESE VIEW OF SILVER
In March 1935 in his annual speech as General Manager of the Bank of China Mr Chang Kia ngau said

In dealing with the silver situation in last year's report it was suggested that a rise in the price of silver would seriously affect the foundations of China's national economy and that if foreign countries should adopt artificial means to this end the result would be much larger exports of the metal from China.

The purchases of silver which the United States Government has been making in the market have resulted in a wide disparity between the world price and the price in China and because of the profit obtainable from sales abroad silver exports from China have continued on a large scale.

From July to October inclusive there was a net export of silver from China amounting to over \$200 000 000. The National Government in order to prevent a crisis and further exports of silver introduced a duty and a variable equalization charge on silver exports as from October 15th.

If the ultimate object of the United Purchase Act is to be accomplished—that is to say if the gold and silver reserves of that country are to be established on a three to one basis by the purchase of an amount of silver estimated to be at least 1 400 000 000 oz.—the export of the total available silver stocks of both China and India will be insufficient for this purpose. It has been argued by those in favour of a

higher price of silver that this would increase China's purchasing power abroad but that this is not so is shown by the fact that despite the higher price of silver last year, China's imports decreased by \$316 000 000. Is it that the United States Government are so ignorant of China's position with regard to silver and so ill informed as to the economic situation in this country that they do not understand the source of China's purchasing power or is it their deliberate intention to force up the value of China's currency in order to decrease our exports and facilitate American competition in this market? The National Government has more than once made representations to the United States Administration explaining the harmful effects of the silver purchase policy in the financial situation in China. Fortunately there are indications that the United States Government's policy is gradually being modified. It is earnestly to be hoped that the United States Legislature will appreciate that a rise in the price of silver will be beneficial to China as a silver standard country only to the extent that commodity prices also rise that no stability in the price of silver can be possible without the cooperation of silver using countries and that United States trade in the Far East will be benefited to a much greater extent through a strengthening of financial conditions in this country which has a population of over 400 millions than through the present silver purchase policy.

A Canadian correspondent writes under date July 22nd—Parliament has been prorogued and will not reassemble until after a general election. In the final session there was much discussion over a bill to create a Grain Board. In the original draft it was proposed to make the bill applicable to all grains but it was amended so that it has reference now only to wheat grown in the four western provinces other grains being excluded unless under special provision by the Governor in Council. The new Board is empowered to take over existing stocks estimated at 226 000 000 bushels and to purchase hereafter from the producer paying a fixed minimum price and giving the producer the benefit of any profit accruing

less expenses of administration. The wheat is to be marketed with due regard to economic conditions and the Prime Minister has given an assurance that it will not be dumped upon the market so as to depress prices.

Sir Vijayaraghavacharya has handed over charge to Mr B C Burt as the Vice Chairman of the Imperial Council of Agricultural Research. He has spent 38 years in Government service and he is still a popular figure in the non official world. The Government of India have made him a permanent member of the Indian Central Cotton Committee and of the Governing Body of the Research Council.

Economics in the West.

Recovery in Britain and Abroad.

London—*The Westminster Bank Review*, in its opening remarks, offers a suggestive review of Recovery in Britain and abroad. It is generally accepted it remarks that further expansion in British industrial and commercial activity must in an increasing degree depend upon the extent to which it is accompanied by economic recovery in the rest of the world. Since 1932, despite the continued depression of many important foreign markets British industry has shown recuperative powers which have confounded the prophets. If domestic trade has the stimulus of large scale government expenditure, whether by way of public works in the usual sense of the term or by way of armaments and other necessities for the defence services further expansion will follow. But therewith the maintenance of progress at its recent pace must depend upon a fuller restoration of the purchasing power of our overseas markets than has yet been seen.

Such indices as the unemployment returns and the receipts for merchandise traffic on our main line railways indicate indeed a distinct declaration in our advance this year and lend substance to the view that in trades which cater mainly for the home market the period of recovery, as such is ended. It has given place to normal expansion in which, of course, some branches will forge ahead faster than others. Speaking broadly then in internal trade Britain may be regarded as having regained the ground lost since 1929. But the great export industries such as coal, cotton and shipbuilding cannot be expected to pull their full weight in recovery and further progress until international trade itself improves.

Fortunately there is no doubt that economic recovery is both continuing and spreading over a wider area. More prosperous times are gradually returning and their return will do more than any other single factor to remove the obstacles which still impede international trade and hence prolong depression in many countries. So far world recovery has been neither consistent nor evenly distributed among the various countries. But it has recently been particularly marked in the countries of the sterling group and in the United States and

these together form so large a section of the whole commercial world that it is reasonable to hope that under their leadership recovery, now firmly established in such a considerable area will spread more quickly elsewhere.

Recovery is not apparent in the League of Nations statistics of the total value of world trade, which showed further decreases in the first half of 1935 compared with the corresponding period of 1934, of 2 per cent in total exports and of 1.6 per cent in total imports. These figures are calculated in terms of gold currency, however. The volume of world trade is rising though it is still only about three quarters of what it was in 1929.

It is significant of the extent to which recovery is still predominantly confined to trade within national borders that the statistics of world production and of world unemployment make a more favourable showing. The course of the index of world unemployment compiled by the International Labour Office over the past six years is traced in the first of the following tables whilst the second, giving monthly figures shows the steady improvement recorded during the past 2½ years—

World Index of Unemployment (1929=100)

1 Annual Averages

1929	100	1932	291
1930	164	1933	274
1931	230	1934	221

2 Monthly Index

(Not adjusted for seasonal variations)

	1933	1934	1935*
January	316	260	235
February	314	248	227
March	301	229	211
April	288	217	199
May	277	208	191
June	263	203	
July	254	206	
August	249	206	
September	239	201	
October	236	201	
November	241	210	
December	209	222	

* Provisional figures

It will be seen that world unemployment was practically trebled between 1929 and 1932,

and thereafter fell by about one quarter by 1934. When adjustment is made for seasonal variation the index has fallen continuously since November 1932. The League of Nations index of general industrial activity indicated an increase of about 9 per cent between 1933 and 1934 whilst the first four months of this year showed a continuance of this movement at a slightly slower rate.

Economic recovery in the world as a whole has been reflected also in increased production of industrial raw materials. This is particularly significant because while demand for raw materials began to expand with the beginning of recovery it was not until accumulated stocks—which in the case of many commodities were very heavy—were reduced to more normal dimensions that the enlarged demand required increases in production. The growth in world production of five leading industrial materials is shown in the following table—

*World Production of certain Industrial Raw Materials**

<i>Monthly Average</i>	1933	1934	1935†
Petroleum (mn. metric tons)	16.4	17.3	17.8
Pig Iron (mn. metric ton)	4.0	5.0	5.6
Steel (mn. metric tons)	5.5	6.6	7.6
Copper (thousand of metric tons)	57.3	73.7	97.1
Zinc (thousands of metric tons)	63.7	87.4	91.9

* Based on tables in the League of Nations Monthly Bulletin of Statistics August 1935.

† Average of provisional figures for first 4 months except copper which is average of first four months.

As has already been pointed out the improvement which is reflected in the statistics quoted in the preceding paragraphs has not been shared equally by all countries. It is of special importance however that the United States appear definitely to have turned the corner for world recovery could not be expected to proceed very far unless it included better conditions for the nation which constitutes the world's greatest single import market. Since the present Administration took office in 1933 recovery has made many false starts in the United States, on several occasions an apparent revival there has proved short lived although the ground temporarily gained has not subsequently been entirely lost. Total industrial production in 1934 was about 4 per cent higher than in 1933 and 23 per cent above the level of 1932. During the earlier part of 1935 American industry appeared to be gradually declining but in the past three months a new upward

movement has been apparent. The present recovery is contrary to the usual seasonal recession and there are grounds for hoping that it marks the beginning of a permanent revival.

There is one important and encouraging difference between this summer's expansion in activity in industry in the United States and the similar movements at various times in 1933 and 1934. Increased production last year was mainly centred on industries manufacturing consumer goods and being largely a result of the distribution of various official relief funds to that extent did not indicate true economic recovery. The heavy industries made spasmodic advances but failed to hold the ground gained and activity in the construction industries was practically confined to public works schemes which however did not get under way quickly enough to afford any real relief to persistent depression. This year some branches of capital goods industries have been in the forefront of progress. In the spring the lead was taken by the automobile industry but latterly building construction has been the most prominent. The Federal Reserve Board's index of residential construction contracts for June 1935 was 23 (average of 1923-25 = 100) compared with only 12 for June of last year and since June further expansion has been reported. The remarkably low level of the index despite its recovery is attributed by *The Economist's* New York correspondent to the fact that the basic period was one of a boom in costly apartment house construction a branch of the building industry which is now practically dead.

Like building and automobile construction the engineering and machinery industries in the United States are considerably more active than in 1934. Enlarged production in all these has been witnessed tardily this year and has helped to increase steel output to 43.2 per cent of capacity recently compared with a level of only 26.1 per cent a year ago. The present production figure is regarded as comparatively favourable and is at more than double the rate in the third quarter of 1934.

It is of interest to digress for a moment in order to point out the rather striking similarities between the position which seems to be developing in the United States and that which has been seen in Great Britain over the past two years though the

comparison must not be forced too far. In both countries a great expansion in residential building largely helped by cheap money has provided a basis for recovery. More over in America as in this country, the bulk of the new building is the construction of urban one family dwellings. Both in the United States and in Britain motor-car makers were among the first to benefit from the greater spending capacity of the public, and so too were a number of smaller industries making domestic appliances. With the growth of confidence more capital equipment plans were put into execution and the iron and steel industries have benefited although factory construction in the United States has as yet failed to record any significant expansion. Lastly it may be noted that owing to intensified competition from road transport undertakings freight car loading on United States railroads and merchandise receipts on the British lines have both lagged behind the expansion in industrial activity.

These rather striking similarities encourage hopes that the United States is on the eve of a recovery as considerable a that enjoyed here. There are however two important points of difference which must be mentioned. During the period when recovery in Britain was still tentative and hesitant industry enjoyed complete freedom from political uncertainty. Although burdened by high taxation it had the benefit of the certainty of a stable government with no possibility of constitutional problems which could interfere with the working out of the Government's policy or affect business administration and plans in any way. The second difference is that in Britain there has been nothing comparable to the sudden introduction of the vast relief and public works schemes in the United States. In this country on the other hand the schemes of unemployment insurance and poor relief already in being involved similar expenditure which increased automatically with the deepening of economic depression.

As a result in Britain the consumer goods industries including the retail trade did not feel the full blast of depression except in the luxury and semi-luxury branches but had correspondingly less scope for recovery when employment and trade improved. In America public relief was introduced suddenly and the increased spending power it provided was as has been

mentioned in a preceding paragraph largely responsible for the recovery seen in the United States in 1934. It is a factor which is still operative and it helps to account for further striking gains in retail sales much exceeding the advances in production and in factory pay rolls. In June last for example both these indices were only slightly higher than in June 1934 but the Federal Reserve Board's index of departmental store sales rose by 8 per cent and this rise was maintained in July.

In Continental Europe recovery has been most striking in Germany where total production is now practically back to the pre-depression level as the following table which is based on the statistics of the Institut für Konjunkturforschung shows —

Industrial Production in Germany

Average	(1928=100)		
	1932	June 1934	1932
"	1933	1934	95.2
"	1934		80.9

This increase in production has naturally been accompanied by a very marked decrease in unemployment. The official statistics of visible unemployed show a drop from 5,476,000 in June 1932 to 1,877,000 at the end of June this year. Unfortunately there are discrepancies between various estimates of the numbers of invisible unemployed which should be added to this figure. It is believed however that at the peak of the depression Germany had in all some eight million workless and that the comparable present figure would be around four million which indicates a very satisfactory rate of reabsorption in industry.

Recovery in Germany as in the United States must be attributed largely to government policy and government projects. But there is one very significant contrast between developments in the two countries. In America as has been shown the consumption trades have led the way in Germany they have lagged behind. The Institut für Konjunkturforschung index of production of investment goods which includes semi-finished and finished capital goods such as iron and steel, base metals, machinery, vehicles and buildings rose to 104.8 per cent of the 1928 average in June of this year compared with only 76.3 per cent in June 1934. But the index for consumption goods at only 79.3 per cent of the 1928 average was actually well below that for June of last

year. In retail trade too although the turn over has risen it has not risen proportionately to the increase in prices of foodstuffs and clothing so that its volume is less than last year.

Two reasons account for this divergence between German and American experience. In the first place wages in Germany remain low and are subject to many deductions compulsory and voluntary which must reduce spending power. More important than this has been the concentration of German schemes to reduce unemployment upon public works connected with rearmament and defence. Such schemes have included not only the manufacture of munitions of war but also the construction of aerodromes, barracks and roads and special projects to assist the motor industry. Their effect can be seen in the very great expansion of production in certain industries much exceeding even that in investment industries as a whole.

Production of certain Industries in Germany
(1928=100)

	Iron	Steel	Building	Cement	Zinc	Lorries
1931	33.4	40.0	33.2	36.8	42.7	22.9
1934	74.2	82.2	71.8	79.5	74.3	80.0
June 1935	99.5	103.6	103.7	135.4	122.0	124.3

Industrial activity in Italy also has regained its pre depression level. The official index (1928 = 100) reached its lowest yearly figure of 73 in 1932. Since then there has been a fairly steady rise allowing for seasonal factors which was accelerated in the earlier part of this year. Although the index fell in June to 102.1 from the record May figure of 113.6 it was substantially above that for June 1934 which was only 85.7. As in Germany expanded expenditure on armaments and munitions has undoubtedly contributed very largely to the improvement in production in Italian industry. The trades which have especially benefited appear to be automobiles, engineering, textiles and building.

From time to time this year announcements have appeared of important contracts obtained by British engineering firms for Russian industry and the placing of these contracts indicates the improved position in the Soviet. According to the official index production last year was nearly triple the

1928 volume and has this year been running slightly higher than in 1934. So far the benefit to other nations of the progress made by the Soviet has been comparatively small but the potential importance of such a vast market is clearly very great.

In this article attention has been concentrated on countries other than Great Britain since the progress made in our own industries is well known to the reader. The usual detailed reviews given in later pages show that it is being maintained although naturally at a slower pace than in the early phases of the period of recovery. Other industrial nations of the sterling area such as Sweden have enjoyed a favourable experience comparable with our own but the countries which have maintained a real adherence to the gold standard have been less fortunate. Industrial production in France according to the official index was steady at 73.2 per cent of the 1928 level from January to April of this year but declined to 72.7 per cent in May and to 72.4 per cent in June. In June 1934 the index stood at 78.0 per cent and in December 1933 at 83.5 per cent. Reduction has occurred in the number of unemployed but this is the result of seasonal factors and of the repatriation of foreign workers. M. Laval's policy of vigorous and comprehensive deflation to which reference was made in last month's *Review* has already brought about a considerable fall in prices which may later be reflected in some further increase in exports. In the seven months to the end of July of this year the tonnage of French exports was higher than in the same seven months of 1934 and there was also a small increase in the value of exports. Foodstuffs though sales of both raw materials and manufactures fell in value.

Continued depression in the gold bloc countries must retard expansion in the world demand for primary products. Nevertheless the improvement that has followed more prosperous conditions in the sterling area and the United States and the special demands from Germany and Italy has been widespread. The primary producing countries which suffered both first and most severely when trade was contracting were also the first to enjoy some recovery and their trade has continued to improve subject to seasonal and crop fluctuations. Argentine exports in the first half of 1935 were the highest since 1929. Industrial production

in Chile is expanding and a 60 per cent rise in imports in the first five months of 1935 reflected purchases of railway and industrial material which had had to be put off in previous years.

Our Dominions have shared in the more prosperous times common to primary producers. With the possible exception of South Africa however they have still one way to go before the ground lost in years of depression will have been regained. In industrial activity in Canada has recently suffered a setback because of the political uncertainties inevitable before a General Election while the seasonal uncertainty of the outlook for wheat has been another adverse factor. Before these considerations became of practical importance Canada's industry was making very good progress which will no doubt be resumed when they are past. *Production last year was over 20 per cent higher than in 1933 and an unemployment fell by 18 per cent.* This year Canada's very important mining industries have been much more active while the volume of construction work in hand has risen by 20 per cent. Production as a whole at the end of June was running 5 per cent above the rate at the same time in 1934.

Activity in Australasia this year is generally reported as rather above the levels of 1934. The percentage of trade unionists unemployed at the end of June was 17.8 compared with 20.9 a year earlier; this decline following a big fall between 1933 and 1934. In some quarters apprehension has been aroused by the extent to which governmental debts and expenditure on public works have been growing. The importance of such expenditure in regard to industrial recovery can be inferred from the fact that building activity rose by 45 per cent last year. Recent improvements in the prices of foodstuffs including wheat and butter and of wool will however rapidly bring about a further natural increase in Australian prosperity and the enhanced purchasing power of the farming communities should create demands for secondary products as well as reducing the burden of the increased indebtedness.

Recovery in South Africa has been based on the remarkable impetus given to gold production by the depreciation of the South African £. This industry has not however been alone in enjoying better times. In the first half of 1935 indeed exports of gold from the Union fell substantially but the

decline was made good by a general increase in other exports with the exception of wool. An expansion in imports of 18 per cent over the same period compared with the first half of 1934 gives some idea of the improvement which has been seen in South African purchasing power. A significant part of the enlarged imports has been machinery for new gold mines or for extensions to existing mines. Such work has also created very great activity in the construction industries in South Africa whose output is estimated to have risen 50 per cent last year.

India continues severely depressed but recovery has not been negligible and last year imports rose by 9 per cent and exports by 3 per cent. Moreover the Imperial Bank of India in its report for the year to June 30 last referred to an increased demand for loans and to the benefits of higher prices for a number of Indian products. The cotton industry is still hampered by the uncertain American situation but Indian production of iron and steel and of cement has been steadily rising. On the other hand the chief primary products tea, jute and rice are still in unsatisfactory positions.

This brief survey of widespread and maintained recovery is particularly important to Britain on account of her vital export and shipping industries but it is welcome to all countries. No State would wish to be so self-contained as to escape its benefits and all will hope that its growth will be both accelerated and made stronger. Much will inevitably depend upon developments in the United States. If the revival in American industry this time proves soundly based and long lasting restoration of American purchasing power will bring benefits to others besides the United States own producers of raw materials and foodstuffs.

It must be recognized that no small part of the increased activity in the world this year and last has been due directly or indirectly to expenditure on national defence and armaments. That industrial recovery is in part the outcome of increased armaments is certainly disquieting. In the short run of course all is grist which comes to the mill but armaments are of all types of government expenditure the least productive. Although their cost can be partially deferred ultimately it must mean reduced spending by those upon whom it falls for it does nothing to increase earning power.

ECONOMICS IN THE WEST

But this type of expenditure is equally disquieting because it is undertaken only on a feeling of political insecurity which in turn is heightened by the increases in armaments expenditure themselves.

Powerful economic forces will continue to make for further recovery. They include widespread cheap money, healthier stock positions in leading commodities, the re-emergence of Russia as a large buyer in foreign markets, and the improvements in industrial technique and equipment and organization which have taken place under the spur of depression. But it would be folly

to blind our eyes to the unpalatable but incontrovertible fact that powerful as these forces certainly are, their full benefit can be derived only in conditions of political and economic security. An atmosphere of international anxiety must be damaging to industry in all countries for business men will be reluctant to make contracts far ahead and all industry whether it caters for exports or for the home market will be burdened by the taxation required to pay for the armaments which every nation will insist on maintaining.

BRITISH EXPORTS TO INDIA

In his review of India's import trade in the quarter ending June the British Trade Commissioner in India records an increase in Indian imports of 2 per cent compared with the same period in 1934. In certain directions increased competition is reported from Japan, Germany and the United States. The United Kingdom share of the trade showing a fall of 23 per cent. United Kingdom manufacturers however still maintain their predominance in this market over a wide range of important commodities and in many cases have improved their position. In machinery and millwork aggregating a total trade of Rs 327 lakhs the United Kingdom share was Rs 217 lakhs or 67 per cent. The principal commodities affected being railway locomotives, electrical machinery, boilers, mining machinery (replacing of supply), sewing and sugar machinery, textile machinery and steel manufactures. The United Kingdom secured practically the whole of the trade in cast pipes and fittings, sheets and plates, sleepers, and more than 50 per cent in wrought tubes and fittings. In motor cars the United Kingdom has now secured the first place over the United States and in motor cycles practically the whole of the market. In cycles parts and accessories her trade amounts to nearly 80 per cent as against 12½ per cent from Japan whose cheap cycles a year or so ago threatened to overstock the bazaars. Other commodities in which United Kingdom manufacturers have secured more than 50

per cent of the total trade include leather (50 per cent), prints and colours (65 per cent), soap (82 per cent), spirits (70 per cent), ale, beer and porter (51 per cent) and provisions and oilman's stores (55 per cent).

The Minister of Finance (Germany puts Germany's indebtedness (the Reich Federal States and Municipalities combined) at £ 33,500,000,000. The Minister comments that the present indebtedness is not alarming for a country such as Germany adding that it was not the amount of the debt but the rate of increase and the relation to the debt service and other expenditure which were decisive. Germany is not afraid of many things. Why should it be afraid of a paltry debt?

The Postal Savings Deposits in U.S.A. at the end of November 1930 amounted to \$200,000,000. During the subsequent period of banking unsettlement the total rose up to \$1,200,000,000 in 1933. Since 1933 there has been no further growth in postal savings deposits. And yet people talk laughingly of the New Deal!

According to the Federal Reserve Bulletin the gold reserves of central banks and Governments of 50 important countries amounted to \$21,677 millions at the end of June as compared with \$22,099 millions at the end of March. That is what is meant by stationariness.

Notes on Rural Life.

By "A Son of the Soil"

The writer of the weekly letter in the *Harijan* gives out the news that Miraben has taken her residence in the little hut put up for her in the Harijan village close to Maganwadi. In his letters he has been relating the extraordinary gossip in and about the village about her—that she is a doctor and can give medicines for all a rich woman the daughter of an Admiral with a handsome bank account etc. Her first night of the stay was over with a prayer in which many of them joined. The villagers are evidently befriending her in their own way. As the writer says they have to discover her. When that comes about the villagers are bound to see what Miraben's message means. We are told that a number of village children attended the first prayers. That is a good augury. Our own experience is that if you want to get into the hearts of the people it can only be through the children. When we tried our hand at a Khond village—now 30 years ago—we could not do much until we learnt the secret of the children. Suffer the little ones to come near me for of such is the Kingdom of God made—that is more true of this than of the other world. We got the village children put up a fire to ward off the cold, got the young ones round, slowly opened our bags and distributed our little packet of sweets with it a few of the things that the elders of the village would value for themselves and told a story in a simple manner. The children listened—and then would not go! A couple of days like that the elders saw the stir of the children at the fireside in the cold evenings and themselves came. They came they sat and they listened. What is more they became communicative and helpful. That is the way to the simple rural mind. The children first the children next and the children all the time if you please. For they make not only to-day but also to-morrow. The elders cannot resist them. Soon they will have to succumb despite themselves.

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A Calcutta correspondent of a London weekly says that Mr Gandhi's aim in reorganizing the village is ostensibly economic

but his activities plainly suggest that political propaganda is no longer confined to cities. This is no doubt false. But there is hardly any chance of certain kinds of writers ever learning to write the truth. But the suggestion is worth noting if for nothing else at least for the light it throws on a recent question put in the Assembly about the attitude of Provincial Governments in their areas in connection with the rural work done or attempted by them in pursuance of the recent Government of India grant for village resuscitation. Evidently things have not been what they ought to be between two sets of workers trying to labour in the same field. It is however reassuring to be told that the Local Governments are seeing to it that their agents do not attempt political propaganda to any extent in connection with their work. That is as it ought to be.

* * * *

Sir James Grigg, Finance Member who answered for the Government in this connection is reported to have said that the Government had no reason to suppose that the allegation that the staff engaged by the Provinces for rural uplift schemes to be financed by the Central Government was being utilized for anti-Congress propaganda had any element of truth. Such persons he added were appointed for the performance of specific duties and the Local Governments would no doubt satisfy themselves that they discharged those duties and did not engage in politics.

* * * *

After such an open declaration it is to be hoped that both sides will agree to mutually respect each other's mission and help to make village welfare a success. There is enough room for all workers. There is no need for jealousy. Nor is there any need for finding fault or for suspicion. Rural work they need not think of the city habit of nagging. They may leave it behind as they enter the village. Where rural sights and rural sounds exhilarate the sight—as the poet hath it—and restore the tone of languid Nature is there any need for bickerings. Truly truly the work of the village is great is too sacred for these petty bickerings. Each to his task. Let us hear no more of this attempt

NOTES ON RURAL LIFE

to belittle workers who desire nothing more than to be left alone for carrying out their labours. Rural quiet need not be disturbed anyway.

I read the report of an interesting speech in distant Bilaspur on rural welfare work. The lecturer—an Agricultural Departmental officer—evidently spoke in a manner that should have carried everything before him. He wanted a change of mentality in rural folk. He desired they should have a burning love for reform. That is good. Nothing is found to be useful unless it is desired, and that the desire should be real can not be guessed. Next he desired that village welfare works should be started and financed in the village folk themselves. Unless he is wrongly reported I think he was on the wrong track here. Rural improvement works cannot be financed by rural folk though they can certainly be started and even completed by them. They are taxpayers and the Government is bound to finance works. Not only that they have been neglected for ages at any rate compared to cities they have had little or no attention paid to them. Grants in aid on a systematic scale are necessary. Urban life has attractions and urban people are vocal and the child that cries gets the milk. Rural finance should be with all other rural uplift work put under a special Minister in the Government of India styled The Minister for Rural Aid or something analogous and he must fight for his share from the Exchequer.

This is by the way. Next our lecturer turned to the real need of the hour—how to get workers for rural work. He suggested that younger men after finishing their education should go back to their villages and settle down for their lives and work up the rural areas. They should become pioneers of rural reform. That is sound advice. They should not turn to cities and become lawyers, clerks and typists and hangers on on hotel keepers. That is all in the right vein. But this would be impossible altogether unless the village was made something like a fit place to live in. The ordinary amenities should be available in it. In Mysore they are giving electric lights, good roads, radio talks probably are going to be provided shortly, and then they are thinking of centralized schools to provide for education and

on. These things can be done only as the result of a well-considered rural policy devised for the purpose of making rural uplift really go forward. Putting it all on the villagers or on the outside workers is not only wrong but also valueless. Waste of energy and waste of funds should be prevented from the start. A point worthy of the closest attention in the connection is that while rural conditions are made tolerable agreeable and lovable to a degree the interests of urbanism of the country are not industrialization in the larger interests should not be side tracked. There should be a harmonious combination of both so that the present abnormality of the position (80 per cent of the population being dependent on agriculture) is not away with as early as possible in the interests of both agriculturalists and industrialists.

I note that there is a move in Madras to form an All India Peasants Federation. It is intended to bring together all peasants associations together. This is a good thing. Done under proper auspices it ought to do good. To formulate large policies to know what is required and to work out schemes on an intelligible basis such an organization is necessary. Rural problems may vary in the different provinces—but the difference would be in kind but one degree of difference would be in kind but one degree of difference would be in kind but one degree. The maladies will on examination be found to be the same. A Central Committee would help to co-ordinate affairs, seek out suitable remedies and provide the means for bringing about friendly understanding between those who are likely to be misunderstanding each other. Not so much to control as to guide such an organization would prove a great blessing.

I am asked to make an announcement about a new recruit for rural work and I do so with real pleasure as he happens to be well trained for the work. He is Mr. Indulal Jainik who was in England for the last five years and has studied during that period Irish land problems. He has recently returned to India. He proposes to devote himself to peasant organization on the basis of their political economic demands. His idea is to work in Gujarat in co-operation with Mr. Vallabhbhai Patel and Dr. Chandulal Desai. He has probably not heard of the workers who have been quite

active for sometime past organizing the workers and peasants of Gujarat. If he has not he will soon come to know them. I have only one piece of advice to give him and others like him. Become a peasant if you mean business. You must be the rural man's friend, guide and philosopher. You must work with missionary zeal. What is required to day is a number of workers—trained graduate workers—distributed by hundreds through the rural areas on a

well devised plan for actual settlement amidst villages for their good and the good of the country. Here is a whole field for those philanthropists who would fain want something new to donate their money on. Money for rural workers is needed to-day as never before. There is investment here—not only in this world but in the world to come—to the true philanthropist. Will my words fall on some friendly ears?

Manufacture of Locomotives in India.

All interested in the industrial development of India will learn with regret that although a resolution was carried in the Indian Legislature on September 4 proposing the manufacture of railway locomotives in Indian State Railway Workshops Government opposed the proposal and therefore no action will be taken.

The Commerce Member stated that when the Tariff Board dealt with the proposal they said that a condition precedent was the existence of a sufficient market for locomotives. That condition had not been fulfilled then and was fulfillable to day even in a lesser degree.

The result was that the G. I. P. Railway Workshop tried to manufacture wagons but even this failed for want of steady orders. In 1929 the Government intervened and purchased the company's workshop and manufactured underframes. Later even the demand for underframes was not enough and accordingly the workshop was closed.

The Railway Board re-examined the question of the manufacture of locomotives and found that a yearly demand for 200 was necessary to make the works pay. Later another estimate was prepared that even if 50 or 60 locomotives could be manufactured yearly the works could start but it was found that the Tatanagar Works were unfit for this and that an investment of Rs. 80 lakhs was necessary to start the new workshop. Hardly had this scheme been worked out before the prices of locomotives fell further making the proposition uneconomical.

The Railway Board thought that they might start with a boiler factory and found that it would cost them at least Rs. 23,800 per boiler against Rs. 20,500 for an imported boiler. The reason was that 50 per cent of the material in the case of locomotives and 95 per cent in the case of boilers would have had to be imported for manufacture here and skilled hands must also be imported to begin with thus adding to the overhead charges.

Sir Zafrullah instanced how even the Ajmer Workshop where metre gauge engines were assembled was not working economically now and the Agent of the B. B. and C. I. Railway had been considering the question of closing it down but hitherto the feeling of economic distress it would cause through unemployment stood in the way of such action.

Further electrification and the efficiency of new locomotives had resulted already in 400 to 500 locomotives being surplus and the experiment regarding the Diesel engine might prove that they were more economical than steam engines.

The Commerce Member confessed that at present it was impossible to make any reasonable estimate of the requirements of the next ten years in respect of steam electric and Diesel engines (Mr. Satyamurti. Therefore do nothing) but when the Government were able to frame a fairly definite estimate they would try to arrive at some definite conclusion.

Economic Notes.

Sir Otto Niemeyer's Mission.

The India Office announces that on the invitation of the Secretary of State Sir Otto Niemeyer has agreed to undertake the financial inquiry which is necessary before steps can be taken to introduce Provincial Autonomy under the Government of India Act 1935. Sir Otto Niemeyer will visit India during the coming cold weather. The official announcement explains that the Government of India Act provides that the allocation of certain resources between the Central and Provincial Governments in India shall be settled by Order in Council of which drafts will have been laid before Parliament and His Majesty's Government have undertaken that a special inquiry will first be held so that they and Parliament may be furnished with an independent review of the financial position of the Provinces and the Centre and with technical advice upon those financial questions which have to be determined by Order in Council. Mr V. S. Sundaram of the Indian Audit and Accounts Service and Mr K. Anderson of the India Office will act as Joint Secretaries to the inquiry.

PORTUGAL'S 14-YEAR PLAN

The plan of economic reconstruction drawn up by the Portuguese Government has recently been published after discussion by the Chambers. The Government is to spend Escudos 6½ milliard during the next fifteen years for a variety of economic purposes. These include the reclamation of waste land, the improvement of seaports, extensive rebuilding in Lisbon and Oporto, the development of electricity supply, the extension of the telegraph and telephone network, as well as colonial development and the re-equipment of the army and fleet. The plan is to be financed principally through the State Budget which will provide an annual grant of Escudos 250 millions. The liquid resources of the State Bank amounting to Escudos 700 millions will also be employed on the plan. The remaining Escudos 2 milliard will be raised as a loan for the repayment of which the budget surplus estimated by the Government at Escudos 130 millions annually will be earmarked. Budget surpluses in recent years have averaged

Escudos 164 millions and have been chiefly devoted to the provision of employment. The new plan thus represents the enlargement and acceleration of schemes whose execution has already begun.

WAR AND INDIAN COTTON

It will be pertinent says the *Indian Financial News* to ponder over the prospects for Indian cotton in the event of a war. Firstly the exports to Europe may be difficult. But for the same reason of war danger the imports into India of European piecegoods and Egyptian cotton would be equally difficult if not impossible. With Italian Somali land so near to Kenya the imports of East African cotton into India would also be fraught with war risk. The position therefore reduces itself to this: that in the event of the war protracting and spreading the internal demand for piecegoods and yarn in the absence of imports from Europe shall have to be met in a greater measure through increased production in India. On the basis of the 1934-35 Indian mill consumption of Indian and non-Indian cottons the Indian mills can be expected to take care of about 2,900,000 bales of cotton whilst China and Japan with the Continental competitors practically out of the Indian market may together take up about 2,000,000 bales, which was the normal basis in former years. With a distribution of about 5,000,000 bales exclusive of the domestic handspinning and stuffing demand almost in prospect there is no reason why the price level of Indian cotton should be adversely affected.

SUCCESS OF INDIAN SHIPPING COMPANY

The sound financial position of the Bombay Steam Navigation Company Limited is disclosed in the annual report of the Directors for the year ending 30th June 1935. The net profits for the year after allowing for depreciation amounted to Rs 5,45,822 and the Directors recommend a dividend of Rs 15 per ordinary share or at the rate of 6 per cent for the year free of income tax. The earnings of the Company show an increase over those of the previous year due to an increase in passenger traffic.

However, the Directors have given a warning as regards the future that traffic returns may show a decrease owing to competition on the Bombay Panjim run. It is for this reason that the Directors have thought it expedient to put aside an amount of Rs 1 50 000 to the Dividend Equalization Fund. Even in the event of decreased earnings the shareholders with the above allocation can expect a dividend of 6 per cent on ordinary shares. Negotiations for the mutual participation in the trade of the West Coast of India have been satisfactorily concluded and the Company has now the right to trade with certain restrictions along the Malabar Coast. Without doubt the Company is being ably managed by Messrs Killick Nixon and Co.

CO-OPERATIVE PURCHASING IN COLLEGES

Reports from 102 colleges and universities in the United States show that there are now 49 co-operative purchasing organizations in these institutions, remarks the *Co-operative News Service*. They consist mainly of co-operative Book Stores. 21 colleges reporting the successful operation of such stores. Harvard University has the largest with an annual turnover of over 150 000 and similar organizations are also in operation at Princeton, Vassar, Cornell, the Universities of Washington and California and 15 other colleges. Seven Universities also reported co-operative buying clubs and there are 8 co-operative Cafes, 7 Housing Societies and 6 Miscellaneous Societies including Oil, Coal and Grocery Societies. The University of Washington Students Co-operative Association last year saved its membership of 56 more than 5 000 in living expenses. In the present year, it has increased its membership and undertaken the administration of 8 Co-operative Hostels.

BRITISH TRADE WITH INDIA

It is announced that fifty or more British business men are to leave England this month for a two months tour in India, Burma and Ceylon. In India a special train will be placed at the disposal of the visitors by the Indian Railway Board and 27 towns will be visited, the object in view being the further development of reciprocal trade. The Association of Indian Municipalities of which the Aga Khan is patron and the Gaekwar of Baroda, President Elect, is making the arrangements. It is the first indus-

TRADE AGREEMENT WITH CANADA

At a meeting of the Committee of the Federation of Indian Chambers of Commerce and Industry held on the 28th September, the reply of the Government of India, Commerce Department regarding their negotiations with the Government of Canada for a trade agreement and assuring the Federation that representative commercial opinion would be consulted in due course was taken into consideration. The Committee decided to suggest to the Government that it would be more helpful for them to consult representative commercial opinion in connection with these negotiations before they formulated any definite proposals for discussion with the Government of Canada.

REPORT ON INSURANCE LEGISLATION

Sir N. N. Sircar, in replying to a question in the Assembly said that the Special Officer appointed to examine the question of Insurance Legislation and to indicate broadly the lines on which new legislation should be undertaken will shortly submit his report. Representations relating to the provisions for the growth and development of indigenous insurance business received from public bodies are being considered by the Officer on Special Duty, but it is unlikely that any enquiry committee will be appointed to enquire into the matter.

WORKING OF OTTAWA AGREEMENT 1934-35

Sir Zafrullah Khan has circulated to members of both the Assembly and the Council of State Dr John Mathias report on the working of the Ottawa Agreement for 1934-35. A day will be allotted for discussion of this report. Dr Mathias survey will be dealt with in these pages separately.

trial trip of its kind ever undertaken, said Dr E. Esdaile, Manager of the Association of Indian Municipalities, and as these municipalities spend some £25 millions sterling per annum there is ample scope for trade. The response to our invitation has been striking and is evidence of the keen desire of British industrialists as a whole to develop trade with India and Ceylon. Both countries have reached important turning points in their history and the opportunities now presented to business men are many and varied.

Current Comment.

By "Scrutator"

The latest news about the Italo Ethiopian war is that the Italians are progressing and that the Ethiopians are still biding their time. Mr Churchill speaking in the Commons says that a year will elapse when the Italian army may be far into Ethiopia wasting from disease and guerilla warfare and Italy itself would be bleeding from every pore, her prices rising and her credit gone. That is surely a picture which may come true. At any rate that is in keeping with the experiences of past warfare in Ethiopia and that is what the Ethiopians are themselves possibly expecting apart from the cruel damage to them and to their country. But what is the true trend of diplomacy? Sir John Simon in winding up the Commons debate hotly repudiated the suggestion that Rome, Paris and London were canvassing to present the League with a *fait accompli* detrimental to one of the parties and inconsistent with the principles of the League. It is good to have this repudiation, this flat denial and downright nailing of the lie circulated against the three Powers named. They do not mean to go behind the League; they have no intention of wavering in their collective obligations under the Covenant, and they are trying for a speedy and satisfactory conclusion within the framework of the League and accepted by Italy, Abyssinia and the League itself. This disposes of the suggestion that anything detrimental will be done to Abyssinia—either directly or indirectly by persuasion or pressure, or by simple suggestion or solemn warning. This is as it should be seeing that the League is involved in the matter and the League has pledged the goodwill of fifty nations to what she has declared as her decision in the matter. The League idea of collective obligations and collective security and collective action must prevail if the worst consequences are not to befall this hapless world.

But there is a fly in the ointment. The League is standing for collective obligations but the fact of Rome, Paris and London acting behind the scenes has been interpreted in a different way in certain quarters. Mr Lloyd George is said to have described M Laval's secret attitude towards Italy as

one intended to secure not co-ordination to enforce the Covenant but that it is a conspiracy to defeat it. There is much in what he states—he specifies the sanctions agreed to between M Laval and Signor Mussolini—that gives colour to his views but there is no need perhaps, to paint M Laval in darker colours than there is need for. But the staying out of Germany and the refusal of Austria and Hungary to join in the matter of sanctions is another matter. The blockade proposed with these staying out may become wholly ineffectual and mean while Signor Mussolini would soon push through his campaign and reach a position which will give him the ultimate control of Abyssinia. The League would then be powerless. And with that the League would be broken and discredited beyond degree.

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There is some basis for this fear. History may well repeat itself. What did Italy do in regard to Tripoli in 1911? Tripoli till then belonged to Turkey; it had been in possession since 1551. In 1911, Italy invaded it, and while the war went on leisurely, by decree annexed it! Of course they were pre-League days and with collective action in action Italy dare not do it. But it seems as if—from the cables so far published in India—that the basis of peace talk now going on between M Laval and Signor Mussolini is first the annexation of the so called conquered area—an Italian mandate under the League over the non-Amharic provinces in Ethiopia and an international condominium with preponderant Italian influence over the Amharic provinces. This means not only the virtual allowing to Italy a free hand in Abyssinia which can only end in one way later on but also getting the League to do what it would not do so far. But for moral if not legal reasons the aggressor—Italy has been so declared by the League—should not get the benefit of its illegal act. The League should if it is to survive and function insist on Italy's leaving Abyssinia for good. Fine for aggression as such committed damages for losses sustained by the Abyssinians in the war, and damages for the violation of their territory, should be

assessed if the League is to be respected if not indeed feared in the future. The reported peace talks seem to go entirely on a wrong basis but it is possible that more information may help to put a different complexion on them. Whatever is done it should be remembered that the League after the sanctions she is trying to impose after so much deliberation and after such careful canvassing of views cannot put itself in the wrong by countenancing anything like making Italy obtain the master hand in Abyssinia in any manner or to any extent which might prove detrimental to her rights of independence or sovereignty. If Abyssinia has depended entirely on the League the League has to see to it that she gets the full benefit of her obedience to its directions and orders as one who has signed the Covenant. What is the Covenant and how is it to be enforced in the case of a Covenanter like Italy? That is the only question before the League. On the right answer to it depends the vindication of the League.

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There is hardly any doubt that the League is not likely to go wrong in its decision for it has moved continuously and going back on its decisions is hard for it. Mr Lloyd George's suggestion that M. Laval has given *carte blanche* to Signor Mussolini means if anything that public opinion should gather round the view that the League should not be hustled into supporting the aggressor the breaker of the Covenant and the party who has inflicted loss and damage on him who has obeyed the League and stood by it in righteous fashion even at the risk of his country his people and his property going to rack and ruin. Italy if allowed to gain to day by virtue of her contumacy towards the League would mean that aggressors will get what they want if only they will act as she has done—wilfully disobedient and unrighteously. That is why both Messrs Churchill and Lloyd George direct attention each in his own way to Germany. What may follow from the virtual overlooking—to use a mild word—of a deliberate breach of the Covenant by one who solemnly signed it it is not difficult to forecast. It may mean the real destruction of a great idea a great structure and a great realization of what people have dreamed for ages—a Government of the Nations by a Super Government of the Nations in their collective capacity.

Recent criticism has tried to divert attention on the League's position *vis-à-vis* the effects of the sanctions. Sanctions it is taken for granted must end eventually (1) in war (2) in the spread of war and (3) in both cases the war would be begun and would be allowed to spread *because* of the League. How then would you deal with a recalcitrant aggressor—and that a Covenantor? Is he to escape punishment? Is he to be allowed to exploit other nations who are true to their word? Is he to derive benefit from his very unjustifiable act? These are practical questions and deserve practical answers. They are also ethical questions and require answers from an ethical point of view also. A principle for application is supplied by the old saying that the law shall judge between theasserter of right and d er of the wrong. Public morality and public law both demand that where justice has to be meted out there punishment is *enthrone*d in the hearts of men. A judgment not backed by punishment is valueless. It becomes an empty threat and is an open invitation to the lawless to follow the evildoer's example. The League's duty seems thus clear. It should act with care and circumspection. Having pronounced judgment it should back it up with further act on. After the recalcitrant is brought to book it should act further and make him pay the costs incurred and offer other reparation that may be found necessary. If the League cannot do this much it is not likely to win public approbation. More than that it would stand discredited. Critics should grasp this aspect of the matter if they mean to suggest that the League is there to *abolish* war and not to make nations see the *folly of making war* i.e. make them see that illegal aggression is the one thing that leads to war. The idea of abolishing war is to be commended to be held up for public admiration and if possible should be taken up eagerly by all nations and publicly advertised. But the idea of aggression for aggression's sake being there yet a fact to be reckoned with and a rule of action still in vogue with certain Western nations the principle of might is right must be conceded to exist. With such people it is no use arguing that you are out for abolishing war. To make them take what they want—by aggression or by concession at the point of the sword as they say—is to concede that aggression is justified in particular cases. That seems not only immoral but also wholly

illegal both from the private and public points of view

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Sanctions again need not end in war. Why should they? If they are—as they could be—more effective, the mere suggestion of them should be able to stop war and effectually abolish war as being unnecessary, unwanted and immoral. The aggressor would be marked out and he would be

banned and banished and bundled out from the comity of nations. That would be the realization of the highest of ideals for which the League stands. The League seems a gift of the gods. Hold fast to it as you would to Truth. Therein is the salvation of nations—and of individuals too. It is individuals eventually as citizens who have to bear the cost of all wars waged—just wars and unjust wars alike.

Educated Unemployed.

Of all the Provincial Governments now busily solving the problem of the educated unemployed, the Government of Bihar and Orissa have been the first to create a department with the object of absorbing such young men in the non official industrial concerns of the province.

It is understood that the Government have created the post of an Intelligence Officer for the purpose and established an Information Bureau where a register is maintained of the prospective candidates with a science or technical degree or diploma with details of their qualifications and experience. When vacancies in industrial concerns are notified to the Bureau they will be duly advertised and registered candidates who are suitably qualified will be advised by the department to apply for them. The Bureau however will not be responsible for finding employment for the candidates nor will it have any concern with the actual terms on which a candidate may be employed.

It is the view of the Government of Bihar and Orissa that the candidates of the province with the necessary qualifications fall

to secure employment in the industrial concerns of the province because they are not in touch with them and are often unaware of the existence of any vacancies in them for which they can apply. It is believed that by creating this department it will be possible for both the employers and the unemployed to come into touch with one another. The Government by awarding scholarships and stipends have made it possible for deserving candidates to obtain specialized training both in India and abroad in different branches of industry as well as in the technical institutions in the province itself. A course of training for students which it is believed will make them properly fitted for mastering supervisory and other professions in industrial concerns is given in these institutions. All this expenditure the Government believe is being incurred in the interests of industrial expansion. They therefore hope that the industrial concerns in the province will take advantage of it by giving preference to suitably qualified men belonging to the province.

The salt industry in India especially that section of it engaged in the manufacture of refined salt for the consumption of the Bengal market is facing a critical situation.

The inquiry into the salt industry held by the Tariff Board led to the fixation of a minimum rate of sale and the imposition of an import duty on salt with the result that the entire needs of Bengal of refined and crushed salt every year began to be met by manufacturers in India and in Aden.

As these salt works developed their output increased and within a short time salt prices showed a downward tendency, falling considerably below the selling price of Rs. 66 per 1,000 maunds fixed by the Tariff Board. The price fell to Rs. 36 then to Rs. 50 and the price ruling now is well under Rs. 40.

The salt manufacturers at Aden and the Indian salt manufacturers arrived at some tentative understanding between themselves whereby they agreed on quotas to meet the demands of the market. This arrangement worked for a year more or less satisfactorily though not without some friction.

Recently a conference of salt manufacturers was held in Bombay to consider how the arrangement previously arrived at could be continued. But at the conference one Indian salt manufacturer of Aden and another manufacturer announced their withdrawal from the scheme while the other eleven manufacturers agreed to stand together to safeguard the interests of the Indian industry.

Topics in the Journals

Economic Internationalism

Remove impediments to world trade as rapidly as possible is the conclusion reached by the Commission of Inquiry into National Policy in International Economic Relations after a year's study of American Economic Principles and Objectives. The Commission appointed in the fall of 1933 by the Social Science Research Council of U.S.A.—a body representing several of the leading societies in the social science field—was headed by Robert M. Hutchins, President of the University of Chicago, and included the cooperation of outstanding economists, business men and government officials.

The Commission was asked to examine the present situation in the United States in which our practices and principles of national and international policy bear on national policy in international economic relations to cause the deductions and objectives of American policy and their possible results in terms of the welfare of the American people to make a report representing an analysis of the problems involved together with relevant recommendations.

Numerous hearings were held, prepared testimony received and thorough research conducted into the problem, concerning the scope of the Inquiry so that the report and recommendations are of great significance.

The report of the Commission is set out in this year's yearbook, a general statement of policy followed by recommendations presented under three heads: political, economic and administrative.

GENERAL OBJECTIVE

In order to advance the recovery of the world the United States must promote the interchange of goods and services among nations. We believe that this policy is indispensable to the recovery and development of the United States. The American Government must labour to maintain peace. It should do everything in its power to remove impediments to world trade. It should by a rapid and dramatic as possible endeavour to reverse the trend toward economic isolation. Otherwise it must be prepared to accept a drastic dislocation and reorganization of industry and agriculture of capital and labour.

The principal difficulty in the way of admitting additional imports into this country is the ten million unemployed in the United States. An increase in imports might increase this number temporarily although some tariffs could be lowered without throwing people out of work. Others are negligible. Whatever the effect on the volume of new imports the influence of removing or lowering the barrier on the trade policies of other governments and hence on the ultimate revival of world trade would be substantial. A bolder policy could accompany an ascending scale of national

recovery. Many nations now feel that they must become self-sufficient because of the danger of war. Although the United States can not engage to guarantee the security of any nation or group of nations the measures heretofore recommended could do much to contribute to a sense of political security throughout the world.

POLITICAL MEASURES

International economic relations cannot be greatly improved until the distrust and tensions now prevailing in the world are relieved. Therefore we recommend that our Government adopt the following measures—

1. Continued participation in the Disarmament Conference co-operation with the League of Nations in such of its activities as can be of use in European conflicts and adherence to the World Court. We commend the recent action of Congress in adhering to the Arms Convention and in joining the International Labour Organization. We urge it to make the necessary appropriations for the latter within the delay.

2. Continuance of the present policy in South America and the Caribbean as exemplified by the Montevideo Conference, the repeal of the Platt Amendment and the withdrawal of troops from Haiti.

3. Immediate withdrawal from the Philippines on terms that will protect the economic life from injury by American tariffs.

4. Placing of Oriental immigration on a nondiscriminatory basis.

5. Repeal of the Johnson Act forbidding loans to countries in default.

6. Immediate settlement of the war debts. We do not believe that the interests of the United States require payment. Since however some countries desire to pay something we recommend the appointment of a commission with full power to effect settlements. We suggest a lump sum payment possibly to be effected through the transfer of securities to be obtained by foreign governments through the exchange of their bonds for American securities held by the nationals or by any other method that minimizes transfer difficulties. The proposed commission should be authorized to accept in part settlement defaulted obligations of political units of the United States.

7. We recommend that our Government make it clear that future investments abroad are at the invitation of the United States. We point out the possibilities of friction involved in the customary diplomatic representation as to foreign investments. The investor should be reminded for assistance or redress to the authorities of the country where the investment is made.

ECONOMIC MEASURES

The economic measures recommended by the Commission are subdivided under four heads: (1) The tariff, (2) agricultural policy, (3) foreign investments and (4) monetary policy.

(i) Tariff

(a) The removal of tariffs in all cases in which no serious addition to unemployment would result. Among such tariffs are—(1) Tariffs on non-competitive products (2) ineffective rates (3) tariffs exclusively for revenue (4) tariffs on goods on which we import almost all our domestic consumption (5) tariffs on goods requiring types of craftsmanship not developed in the United States (6) tariffs on certain minerals of which the United States has scanty supplies or which have been over-extended in submarginal production areas and (7) seasonally those on seasonal imports.

(b) If these measures do not prove adequate to increase imports to the necessary degree rate on other commodities should be lowered with the proviso that the increases in the volume of goods admitted be subject to control in order to minimize the danger of unemployment. It is desirable in the interest of internal law and order and international trade to restore tariff and internal revenue rates for imported beer, wines and spirits to the levels of the Underwood Tariff of 1913.

(c) We recommend that the Government consider the payment, under proper safeguards, of dismissal wage to labour thrown out of employment as a direct consequence of sudden changes in the tariffs.

(d) We favour the speedy negotiation of reciprocal trade agreements pending downward revision of the tariff. We do not regard reciprocal trade agreements as a substitute for tariff revision because the Trade Agreements Act limits reductions to only 50 per cent of existing rates and only to cases where other countries reciprocate. We recommend the conclusion of such agreements only on condition that they be tied to a large rather than divert world trade. We suggest an agreement under which most favoured nation treatment would be accorded all countries that make such agreements with us.

(ii) Agricultural Policy

The Commission recognizes the present necessity for fundamental readjustments in American agriculture and feels that the policies now being applied by the Department of Agriculture should be continued long enough to determine their practical value.

(a) We recommend the continuance of subsidies such as those provided under the present domestic allotment programme as supplements to agricultural tariffs which are likely to be ineffective. The Commission suggests subsidies only in this restricted sense and only to compensate agriculture for the effects of existing industrial tariffs.

(b) Since any attempt to raise American agricultural prices without differentiation between domestic and world prices will stimulate foreign production to the detriment of the farmers' export market all price raising measures of this character should be discontinued at the earliest possible moment.

(c) We recommend further that all other measures tending to restrict be abandoned at the earliest possible moment. Such policies not only tend to restrict exports by maintaining an artificially high price for American cotton but may

also make necessary severe reductions in cotton production in this country in order to protect the loan extended by the Government.

(iii) Foreign Investments

(a) We are opposed to governmental restrictions on long term private loans abroad beyond such regulations as are necessary to prevent fraud. We regard foreign-lending by the United States Government itself as unwise.

(b) We recommend that arrangements be made to make available currently complete information as to the volume of international short term lending.

(c) We recommend that no steps be taken by the Government to restrict the operation or establishment of American branch factories abroad.

(iv) Monetary Policy

(a) We recommend that gold stock be used exclusively as at present for the balancing of international payments.

(b) We recommend that in order to promote confidence the Government announce that although it will retain its present powers under the Gold Purchase Act to change the price of gold within the limits there stated it does not intend to ever use these powers and that it will freely permit the export of gold at the present official price for the settlement of international payments.

(c) We believe that there is only a minor relationship between the official prices of gold or silver and the general price level and that the correspondence between commodity prices of these metals is substantially only for those commodities which move importantly in international trade. The Government may enlarge purchasing power through maintaining for a time a large Federal deficit which may be created by reducing taxes as well as by increasing expenditures. Such a deficit for emergency purposes need not threaten our financial structure if accompanied by sound policies for increasing production and employment.

ADMINISTRATIVE MEASURES

(a) We recommend that Congress confer upon the Tariff Commission the power to change tariff rates subject to congressional veto according to the principle of the amendment to the Hawley-Smoot Tariff Act proposed in 1930 but rejected. The Tariff Commission would then fix rates according to such principles as Congress might establish and the new rates would take effect in sixty days unless rejected by joint resolution of Congress.

(b) We recommend that if the power of the Tariff Commission be enlarged as herein proposed the powers granted the President for three years to negotiate reciprocal trade agreements be allowed to lapse unless the emergency continues.

(c) We recommend that if the life of the National Industrial Recovery Act is extended its tariff making features (Section 3e) be repealed and power over all tariffs be transferred to the Tariff Commission.

Using the Empire Air-Mails

That old custom die hard is now being proved by the officials of Imperial Airways who deal with their air mails to India and Africa.

For many years it has been a habit particularly with old established firms having regular business relations with India to set aside one day a week for dispatching letters in London. And this habit of a weekly mail day has—like other habits—a tendency to linger even after it has become out of date.

Already more than one air mail a week is flown to India and plans are in hand for still greater frequencies of service which indicate that those who persist in hoarding up letters and in clinging to a one mail day a week are failing to profit adequately by the convenience of the increasing frequency of air dispatch.

When dealing with correspondence between London and the Provinces business men would not dream of allowing letters to accumulate on their desks, observed an official of Imperial Airways. Home correspondence is dealt with daily and there is a constant flow of incoming and outgoing mails. And an exactly similar method will now be adopted with long distance Empire air mails.

Modern business deprives itself of much of the speed of a dispatch if it fails to accelerate its own routine. In these days of increased frequency on the Empire air routes business men who are

likely to score over their rivals are those who deal with their Empire correspondence in just the same way as they with their home correspondence clearing their desks as they go along and knowing that the sooner letters are in the post the sooner they will catch the one or other of the outgoing air mails.

Our statistics show us that the fetich of the weekly mail-day dies hard in certain directions than in others. On the route between England and South Africa where trade is in many of its aspects a vigorously modern growth business houses have been quick to adapt themselves to the increased frequency of the air services and our figures indicate that the mail loads instead of accumulating on any particular day distribute themselves evenly in conformity with the improved facilities.

But on a time honoured route like that to India where habit has tended to become so deeply ingrained a definite time lag is in many cases still to be noticed between the provision of an increased frequency in the air service and that speeding up of business routine which is necessary to maintain a more rapid flow of correspondence.

Just as the mail coach gave place to the train and just as the speed of the air eclipses that of any other transport so the habit of adhering to any given mail day is becoming unbusinesslike and obsolete. The advent of the flying mail is in fact effecting a revolution not only in the rapidity with which it moves through the air. It is also modernizing the business routine of those who are determined to obtain a maximum of advantage from it. Which means that air mail day with its old method of allowing letters to accumulate should now vanish into the limbo of the past."

The entire political outlook has changed. With the rearmament of Germany and the aggression by Japan in Asia the world is confronted simultaneously by two great nations bent upon asserting their claims primarily in terms of military power. Italy now seems determined to adopt the same methods. Peace is passing away and 'might is right' is coming again to prevail.

* * * * *

Lord Willingdon recently said—No system of Parliamentary Government can be expected to work successfully and for the benefit of the people as a whole without the existence of a spirit of accommodation and a willingness on the part of all sections of the people to prefer the wider interests of the whole body politic to the narrower interests of their own particular section. That is true, but constitutions should help and not hinder the creation of such a spirit.

The Revue of Revues—The skirmish at Wal Wal has grown into a conflict which now threatens to destroy the independence of an African State twice the size of Germany to bring the League of Nations into the final stages of discredit and to provoke a conflict of world wide dimensions. Land hunger may lead to even worse results.

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The amount of silver certificates in circulation in U.S.A. at the end of July 1935 was \$702 millions which was the largest figure since President Roosevelt took charge of the Administration. Nothing succeeds like success.

Lloyd George—If the League of Nations fails in this face of this present challenge to its prime purpose its fossil will be imbedded in the strata of history as a witness and a warning of the doom of the ineffectual. The League may fail but Nations may gain!

Recent Economic Publications

The Geographical Background of Modern Problems

By H J Fl re Profes or of Ge graphy the
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The Problem of Rural Indebtedness

B Dr B N Narayana vam Na du
s on p l o Bar at La and Mr V Ven ata
raman BA (Ho s)

The autors of t h s b oc l u r e co d u c t a n
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the amount spent on the development of rural areas is appallingly low that the development has not kept pace with the increase in population that the need of the land revenue in India is less severe than other taxes coercive processes are necessary. The causes are many and the cures must be many too.

As regards Madras rural indebtedness put down at Rs 200 crores. With the fall in prices the real burden could be a heavy one nearly Rs 300 crores. This burden is nearly twice as heavy as it was five years ago; 1938-9. Since agricultural forms earn three-fourths of the population on this heavy burden is bound to affect the general well-being of the people as a whole. How to eradicate it. That is the problem. After going from Sir Frederick A. J. also a summary of the cause of indebtedness as gleaned from the Deccan Agricultural Committee's Report of 1875 they suggest that the root of the problem is not rural indebtedness but the extravagance of expenditure as the economy is inefficient of the income itself. The due to small holding inefficient methods of production, lack of facilities of marketing, the want of crops and loss of capital. While the latter is inexorable and debt increases rapidly because of the high rate of interest charged and the inability to pay the debt. The volume of the debt thus increases by accumulation of interest. Cheap credit is still a desideratum as credit is another. The increase of debt leads to the loss of land and the agriculturalist is turning into a landless labourer. The Madras figures noted tell this tale. In 1921 for two cultivators there were 291 labourers; in 1931 the proportion of labourers went up to 407. The increase of more than on third in a decade. On the other hand a debtor ceases to be a cultivator in the general case as the debts descend as inheritance does from father to son or grandson and great-grandson. The aggregates tell the evil. Most of these evils are confirmed by the study of the fifty family budgets made by the authors. The study shows also the effect of the prevailing depression on the agricultural classes.

In the penultimate section of the brochure a running summary of what has been done or other course to solve the problem of agricultural debts is given. This will amply repay perusal. All the action aimed at has been to improve the condition of the cultivator by extending credit by fiscal facilities by measures for the relief of indebtedness by the artificial maintenance of prices of products and the encouragement of export. If general action in Europe any good to us in India what has been or being attempted in a few Indian States and Provinces should be adopted for the rest of the country after careful local investigation to what may be necessary. The chief head under which action may be required are the following:—Reduction of rates of interest, scaling down of debts, liberalising the conditions of repayment, provision for greater redemption up an organisation for buying up agricultural land brought up for sale by means of judicial process, which is to be having to do with the or all owners of a lease purchase basis and the creation of Debt Co-ordination Boards for facilitating settlement of debts without the intervention of the courts. Other

State action required would be—The reduction of the cost of production by organization of agriculture by the reduction of taxes and railway freights and perhaps also by a reduction in the rents and the cancellation of leases.

Fully under the head of recommendations we find the authors suggest the application of both preventive and curative measures. What is required according to them is a well conceived measure. The part of Land Mortgage Banks and Co-operative Societies is alluded to in this connection. The Co-operative movement to-day has, many provinces and States reached a stage at which a re-orientation of the position is required. Overdues are increasing and the problem of the recovery of debts is a serious one. Crop loans are suggested which with better marketing facilities would help to clear overdues. The problem does not seem to be so simple. But we will not overstate the case. It is one that obviously requires further and closer investigation. A more widespread use of Land Mortgage Banks seems in any case a great necessity to-day. Education of the masses should not be forgotten in this connection. Without the enlightened self-interest of all groups in the land. Better transportation, better marketing facilities and even better farming in the old cases may not achieve much, if the desire to retain what one acquires is not there and if the desire to help others and the country is not generated in one. Debt reduction is a question of abolition may be legislated for but the great question of questions is mass education. No wonder we see almost at the very end of the brochure we find the following concluding recommendation of the authors—At the root of all solutions lies the question of educating the masses. That is so. Will the State respond?

Indian States and the Government of India

By K. M. Panikkar Bar at Law Messrs Martin and Hopkins London

That a second edition of this volume should have been called within five years of its first publication shows the favourable impression it has created on the public especially in India where it should count a large number of readers. The author has made it more comprehensive by adding new chapters to deal with political practice, economic relations of the States with British India and possible lines of development for the future. No aspect of the Indian problem—at least in its constitutional aspects—attracted greater attention than the one relating to the position of Indian States and Indian States people in any Federal Constitution devised for India. Mr Panikkar is not a part and so his volume should be welcome to those who desire to have independent and impartial views on the most important features of the Indian States problem. We would like to special attention to the last six chapters in the book which deal with very important aspects. Political and Economic penetration of the Right of Sovereignty, the Constitutional position of the Chamber of Princes and the future. There are three useful appendices and a short but selected bibliography. A volume that should prove both handy and valuable on the subject of Indian States.



Short I

Silver Money

The Case for its Restoration Handle Br t
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A collection of the opinions of the most distinguished men in the fields of banking and trade is here offered to the public. They all cry for rest to the silver rate, most of them will like to try silver as a means of recovery. The plan let silver flow to the world by Lord Desborough, Lord George Lord Hu de la Roche, Lord Detering, Sir Mo tagu de P Webb—all concur in the use of the white metal. Lady Polson has drawn some extremely fine illustrations to support the cause of the free world. Men like her seem to be an authentic case for the throne next silver. At a rate the United States of America are already buying up silver as much as possible. It is the hope of these men that India and America can jointly help the world to a state of prosperity. As this India is unable to choose her own financial or economic policy, it has to depend on the City of London for any action that she may want to take. American actions are not yet clearly defined, what exactly she is going to do are yet in the dark about. In spite of the imprudence of the names in this booklet, it seems that advanced opinion has not been swung to a definite. It will be an uphill task for the silver cause, if one may say so—to have anything to turn the wheel. We however wish them all success in the attempt.

This volume represents the result of two years' work by the International Studies Conference organized under the auspices of the Institute of Intellectual Cooperation. The preliminary memoranda by members of the Conference constitute a reliable source of information. The part played by the State in economic affairs in leading European countries and in the United States, their economic and commercial relations abroad, and the attitude with the foreigners towards production, distribution and consumption. Consideration is given first of all to certain important economic problems which owing to the complexity of the fact has not yet been possible to solve—restrictions on commercial exchange, the movement of capital, the question of the open door and the most favoured nation clause. The manfold aspects of these questions are described and the actual facts are analysed in detail. Still more striking is the study of State intervention in economic enterprise. It deals first with the philosophical aspects of State intervention. The theory of authoritarian State control is described defined and compared with more liberal theories. A few pages with ample facts and ideas are devoted to the problem of a planned economic system and to the question whether this form of intervention is not compatible with full political liberty. These

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Mr Bose has begun the publication in English of the *Harasas* a great work that should be classed with the *Puranas* in regard to its value and sanctity. It is dedicated to a narrative of the Haras or Kshatriya and his family and clan. It is supplementary to the great epic *Mahabharata*. Mr. Datta states he is arranging to issue the work in parts each part to be 50 pages in size. A number of that deserves consideration. Price and advance for the first 12 Parts is Rs 5.80 post free.

World Production and Prices

1925—1934

League of Nations General Price 5 \$1/25

The Secretariat of the League has just published a volume entitled *World Production and Prices 1925—1934* a considerable amount of information and statistical data collected by its Economic Intelligence Service. Apart from a few changes in the volume this volume is similar to that published on the same subject last year special attention is given to the effects of 1934 and the months of 1935.

The volume opens with a chapter on World Production containing a world index of production, trade and unemployment as well as a world index of industrial production and a review of recent developments. The second chapter concerns the statistical methods of trade and statistical comparison. The third contains an analysis of the present position of world markets and national economies.

The following indices extracted from the publication are of the recent changes in world production and trade —

	(Average 1925—1929)	1929	1933	1934
World production	100	100	93	93
Annual production	100	104	104	101
Industrial	114	73	83	93
Industrial	11	78	88	96
World equilibrium	110	81	81	86

The gradual recovery in production activity has been the middle of 1933, continued until 1933 and 1934. Agricultural production in 1934 is a little above the level of 1933 and partly owing to the liberalization of trade in many countries but the value of agricultural production and farmers' income is not so much. Both the output of industrial and agricultural products in 1934 is a little higher than in the preceding year. The volume of world trade is only slightly higher than in the preceding year. The general price level is a little higher than in 1934 and some of the major depressions in the price structure are further adjusted.

The general price level in 1934 and some of the major depressions in the price structure are further adjusted.

Shivaji the Maratha

By E. F. Malcolm Smith, M.A. (H. Roes of India) Published by Messrs V. Sundara Iyer & Sons, Trichur, pp. 167, Price Re. 1. It is a happy coincidence of the time that Indian historical celebrities are being re-evaluated from the historical and present perspective. Perhaps our readers are aware of the fact that there has been a tendency to be prejudiced that Shivaji was a good friend of Islam despite the well-known exception of Alauddin Khalji. It is a pity that the present little book, a portrait of Shivaji, the hero and genius of India, the personality of one of

her great men. Her rightly maintained that Shivaji was a man of all a man's virtues and failings and emphasizes toleration as a cardinal feature of his religious policy. Based on the most part of the standard works of Indian writers the first six chapters of the book deal with the life and career of Shivaji with special reference to his character and heredity as factors in his character. The eighth contains an estimate of Shivaji's character and attainments. The book has an appendix embodying *The Ballad of Alauddin Khalji*. Quite an instructive study though it may add an authentic portrait of Shivaji might have been advantageously inserted as a *Footnote* and the standard spelling of *Alauddin* adopted for *Alauddin* which is out of date.

S

Public Revenue and Expenditure

By I. K. Mehta, Lecturer in Economics, University of Allahabad. The Indian Press, Allahabad.

The nature and principle of public revenue and expenditure are dealt with in this slender volume. The chief merit of the volume is that it is a new classification based on scientific principles in place of the older one familiar to students of public finance. He could divide public expenditure into two classes, *consumption* and *investment* and the other dependent on it. He writes that not a classification could be so satisfactory. But a few of his self-ordained variable and variable expenditures render different kinds of social service and thus the difference between them turns round the very object of public expenditure. The technique of classification is not an important matter to be considered in this little book.

Ancient Indian Polity

By K. V. Ramesh Aiyar, M.A. The University of Madras, Senate House, Triplicane, P.O. Madras, Price Rs. 2.

First published in 1916 this volume has contained the substance of what is delivered as the Sir Subrahmanya Aiyar Lecture for 1914. It is revised now in an enlarged form. The volume as issued should prove a welcome addition to the study of the scene of politics as known to ancient India. Mr. Ramesh Aiyar's description is to be commended on the evidence of the offers in this volume of *Kautilya's* Light more light and yet more light. That we want on that great ruler Kautilya has attracted much attention in England and Germany and it seems right that he should be studied in our own country. Mr. Ramesh Aiyar's study, full of shrewd guesses and fecund thought, though a competent study of the *Arthashastra* is a very adequate. This volume sums up much that might be deemed valuable and it is long referred to as a modern systematic study of an ancient work of great repute. A work that should be in every college and public library and increasingly read by young and old of ancient Indian polity to be understood or to prove of value to a guide to us to-day.

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DECEMBER 1935

No 12

The New Remedy for Agricultural Indebtedness.

By Dr. B. Ramachandra Rau, M.A., Ph.D., L.T., F.R.E.S.,

Department of Economics and Commerce Calcutta University

A dispassionate examination of the virtues and demerits of the Bill on the legislative amid has to be made from the economist's point of view. A Government Press Com- muniqué states that the total indebtedness of the 50 lakhs of agricultural families in Bengal for whose benefit this Bill is meant runs up to 97 crores of rupees. The Board of Economic Enquiry, which has done some useful spadework in studying the problem of rural indebtedness, states that roughly 23 per cent of the agricultural families are entirely free from debts, 43 per cent of the agricultural families (i.e. 22 lakhs of

families) are not entirely free from debts, nor are they hopelessly entangled in debt. They have a small amount of debt which can be easily repaid out of the annual cash income. Their agricultural holdings range from two acres to eight acres. 16 per cent of the agricultural families (i.e. 8½ lakhs) have an indebtedness amounting to 22 lakhs of rupees and they have a higher amount of debt than those belonging to class 1. They enjoy land holdings varying from one acre to eight acres of land. The following tables give a graphic idea of the rural indebtedness problem —

Total Number of Agricultural Families

No. of families free from debt	No. of families slightly indebted	No. of families not hopelessly indebted	No. of families hopelessly indebted
23%	43%	16%	28%
11 lakhs of families	22 lakhs of families	8.5 lakhs of families	14 lakhs of families

Total Amount of Debts Rs. 97 crores

Class A— free from debt
Class B— has 22 lakhs
Class C— has 8.5 lakhs
Class D— has 14 lakhs

Average Holdings

Class below two acres Eight and above eight acres
Class B— 22 per cent 21 per cent
Class C— 21 per cent 11.5 per cent

While admitting that an economic agricultural holding should cover four acres at the least, it can be easily estimated that proper aid can be rendered to those families of Class B and C who have more than eight acres to cultivate. Immediate attention to their problem would confer some relief. The Bill is meant to help the agricultural families whose indebtedness is not greater than two

to four years' average cash income. A reduction of the indebtedness amount to a lower figure and a systematic arranging for the repayment of the agreed debts in a series of equated payments running over five to fifteen years in the great majority of cases is the ideal to be aimed at by the Debt Conciliation Boards to be created by virtue of this Act. As some amount of success has

attended the working of the Chandpur Debt Settlement Boards the Agricultural Relief Bill aims at universalising this feature in the province of Bengal. It seeks to help roughly 12-30 lakhs of agriculturists possessing land varying from two to eight acres. It may indeed take three years to cover all these different cases of indebtedness. Roughly, 680 Boards would be needed to cope with this problem. If relief from present indebtedness is a *sine qua non* for agricultural prosperity, it has to be secured as speedily as possible. It might indeed be true that poverty is one cause for our rural backwardness and lack of social progress. A constructive agricultural policy has to recognize that poverty is not the *only* rural evil which has to be successfully combated. A low standard of living, bad sanitation, malnutrition, lack of cheap yet secure means of transportation and a medieval social structure are the outstanding features of our rural life. The rural development plans are aiming at the elevation of the agriculturists out of this dismal situation. However, as a fundamental step in dealing with the rural problem, this movement for tackling the indebtedness problem has to be applauded and welcomed. The problem of agricultural adjustment has to be faced and the deterioration of holdings has to be tackled and without an economic holding there is no salvation for the ryot.

OTHER REASONS

There can be no evading of the problem as suggested by some of the organized associations of the province like the Bengal Mahajan Sabha. Some of the Socialists are already passing resolutions advocating the repudiation and enforced cancellation of rural indebtedness. The recently formed Praja and Krishak Samities of East Bengal have been agitating for a three years moratorium in the matter of rent payments even.

Other provinces like the Central Provinces and the Punjab have already dealt with this thorny problem in a somewhat satisfactory manner by having Debt Conciliation Schemes.

The incipient success achieved by the voluntary Conciliation Boards of the Chandpur Sub division has attracted the attention of the Bengal Economic Enquiry Board which has been asked to study the agricultural indebtedness problem. The latter body has recommended an extension of the Conciliation Boards in the matter of readjust-

ment of agricultural indebtedness. The Government of the province has been aiming at a successful reorganization of our rural economy. The starting of land mortgage banks and the consolidation of the co-operative credit movement are positive proofs and instances of their sincerity to check economic distress in the province.

PROPER TITLE

The Agricultural Relief Bill of Bengal would be a better title and not Bengal Relief of Indebtedness Bill. The sub title explicitly says that it is an attempt to relieve agriculturists alone of the burden of their debt. There is no valid reason why the needs of their urban confreres should be forgotten.

CONCILIATION

The addition of the phrase Conciliation and between the words debt and title ment would *ipso facto* increase the popularity of the measure. It denotes the actual strength of the award arrived at by conciliatory action or best endeavours on the part of the Debt Settlement Boards to settle the debts.

ORIGIN OF THE DEBT

It is hard to draw a discriminatory line of difference between debts incurred for agriculture or other lawful purposes at the same time. The origin of the debt is sometimes stated in the borrowers' document or loan deed. That debt incurred for extravagant social functions should not secure the benefit of this measure is evidently the motive behind it. A large portion of the debt would still remain outside the pale of the law. Unless this is wiped off, it is not possible to expect much relief from the present Act.

Again debt incurred at the hands of banking companies or co-operative societies is exempt from the operation of the Act. That genuine and sympathetic lending has to be tolerated is indeed an essential recognition for without credit the agriculturist or his industry cannot survive for a long time.

As rents can be included in the purview of the operation of this Act, the position of the absentee land holding class would become uncomfortable if frequent recourses—once at the end of every two years—to the Board's interference is resorted to by the recalcitrant tenants.

APPOINTMENT OF MEMBERS

The appointment and dissolution of members is to be entrusted to the Local Government or Commissioner. It should be done

from a panel whose members should be nominated for their knowledge of debt finance money and economic matters. That the right of appointing carries with it the right of dissolution is natural. But the prompt removal of members when suspected of bribery or other foul practices, should not be delayed. These should be the sole acting reasons for dismissal. Because everything depends on the personal equation the choice should be rightly done. A faint reminder of corruption on the part of the members of the Board would vitiate the entire proceedings.

BEST ENDEAVOURS

That reasonable persuasion should be employed by the Debt Conciliation Board is the essence of the suggestion. If of course the creditor agrees to voluntary conciliation it would indeed be fortunate for the debtor. Moral persuasion with money down will sometimes prove effective. If repayment of a portion of the readjusted debt is spread over a series of years say 10 to 15 years there should be a guarantee that the needed payments would be forthcoming. That no further swift fall in prices would vitiate the economic standing of the judgment debtor should be provided for.

The adjudication of a debtor as insolvent if the debt cannot be made repayable within the twenty year period, is a courageous proposition indeed. The provision that the household and enough land to feed the family should be left untouched by the Boards is a dangerous loophole. Crafty debtors might entirely defraud the creditors. Equity dictates the necessity of leaving bare economic wherewithal untouched by the debt proceedings. Unless our ideas of bare minimum subsistence are also clearly outlined justice cannot be meted out to both classes of debtors as well as creditors. Too much leniency might lead to the sacrificing of the creditor's legitimate interests.

POSSIBILITIES OF REOPENING DEBTS

Clause 21 of the Bill contemplates the reopening of the debt if the discharged insolvent during the course of five years post insolvent period happens to acquire property or secure property through a windfall. Payment in the event of a windfall might be justifiable but payment out of acquired property would mean that the discharged insolvent, even if he were to acquire property would register it in another's name, preferably his

wife's name, to escape the reopening of the former debt and payment of the same. A discharge ought to be a final one.

HARSH BUT NECESSARY

Some of the provisions of the Bill are considered unduly harsh. But without the aid of such effective helps a peaceful, cheap and easy settlement of debts cannot be secured. A successful parallel exists in the case of France. The Credit Foncier of France has the right of purge to unearth the claims of parties before mortgaging of land can be accomplished. Clauses 13 and 14 preclude the forgetful creditor from collecting any debt not mentioned or included in the statement filed before the Board. Clause 18 as regards the unquestionability of the Board's decisions in any Civil Court appears to be arbitrary. However as an appeal to the Appellate Officer is allowed the ends of justice will not be sacrificed. The necessity of cheaply and expeditiously deciding the claims has rendered it incumbent to pursue this procedure. Clause 19 says that if 40 per cent of the creditors agree the debtor's debts can be paid off according to the Board's suggestions seems to be arbitrary. It can be argued that the ends of justice would be better secured if it is laid down that a majority is needed to agree to the liquidation of the Board before its decision is carried out. But a beginning must be made somewhere i.e. at some level or other. 40 per cent might be considered a suitable arrangement in there is something sacrosanct in all monetary matters with reference to this figure. Reserve ratios of most Central Banks are based on this somewhat cryptic figure in spite of the apprehended shortage of gold.

The exclusion of a lawyer in helping the Debt Boards to arrive at a decision concerning the amount of debt and the rate of interest is to be welcomed for the innate love for litigation will be curbed when the lawyers' touts shun the shetting of this ten d new.

The certificate procedure as in the case of recovery of Public Demands is a simple and less expensive. Collection of payments would be expedited greatly thereby.

NOT OPTIONAL BUT COMPULSORY

The Debt Settlement Boards should be of a uniform type in the beginning. For securing immediate relief compulsion to appear before the Boards would be needed.

Taking for example the consolidation of holding it has been found impossible to achieve solid results so long as voluntary consolidation was thought of. Compulsory consolidation in case of the refractory tenants would be needed. As the Usurious Loans Act of 1916 has proved a failure and as much relief has not been secured by the recently passed Money Lenders Act some compulsory settlement of existing debts is needed. The Royal Commission on Agriculture recommends the extension of Insolvency Acts in rural areas in cases of such small debts as Rs 500 even.

SIR PATTANIS SCHEME

Immediate payment of the arranged debt will be the best possible solution. A mere two crore figure is suggested by the Economic Enquiry Board will not suffice. Something higher will have to be secured and debt settlement at one stroke might be secured. The Bhavanagar scheme of Sir Pattani has been applauded mainly for this arrangement. To expect private efforts to provide the necessary capital will not be economic foresight. A bird in the hand is worth two in the bush says the ordinary adage. An immediate payment would mean success. Ready and immediate payment, though indeed it might be of a part of the entire debt would be welcomed by the creditors. Without this redeeming feature any composition and final settlement of the debt is meaningless. Government debentures would be indeed a useful substitute if the needed cash cannot be secured immediately. The newly appointed Rural Commissioner might be asked to watch the success of this scheme and the possible harmful effects should in no case be allowed to delay the accumulation of savings in the future.

OTHER CONCURRENT MEASURES

The raising of the *per capita* income of the agriculturists is needed to enable them to repay the equitable settlement carried out by the D S Boards. This depends on the strengthening of the subsidiary sources of income. Other credit agencies would be needed to help the agriculturists to finance their future monetary and credit requirements. Or else he will drift back into a similar deplorable plight in the near future. Land Mortgage Banks and the Co-operative Banks should consolidate and strengthen their existing position so as to occupy the void created in the disappearing of the

Mahajan creditors. A proper linking of the debt payments to future price levels is needed. For, during the long span of 12 to 20 years over which some of the debt repayments might be made there might be a sudden and catastrophic fall in prices complicating the issue afresh. In spite of Sir Joshua Stamp's ingenuity in formulating the Dawes Scheme of 1925, German Reparations had to be revised by Owen Young in the year 1929. The Debt Settlement Boards ought not to forget these intriguing possibilities. Unduly long periods for repayment should not be pitched upon in the absence of a monetary regulation policy which aims at tolerable stabilizing of internal prices.

NEW OFFICIALS OR PUBLIC SERVANTS

The creation of new posts such as the Certificate Officers and the Appellate Officers by the Local Governments would be welcome but a certain section of the lawyers who secure income from such Civil suits as recovery of loans etc., would be deprived of this source of income. Even Government's income arising out of sale of stamps—judicial stamps as the technical expression goes—might be lessened in course of time. Various safeguards against the possible misuse of the powers by these new public servants would have to be devised. The selection of proper persons to carry out these tasks is left to the Local Government. But they should select people of education, wealth, integrity, and high morals. Any incompetency on the part of these Boards would fan the communal flame for, most of the riots of East Bengal are Mohamedans and their creditors are Hindus. The tendency to select Union Boards members alone has to be deprecated.

SHORT PERIOD EFFECTS

As in the case of the formation of the Union Boards there would be some opposition indeed. That history tends to repeat itself is indeed a truism. The present Union Boards were never welcomed in the beginning of their existence say, a decade ago. The Administration Reports of Bengal would bear ample testimony to this fact. But success has at last crowned their efforts. Much good has evolved out of their successful working. Roughly 2500 of these Union Boards exist now. Similarly the expected number of 680 of these Debt Boards might not be created or they might not be working

successfully in the three year period contemplated in the Bill. Some of the short period effects would be (1) a reduction of the amount of debt (2) a lowering of the rate of interest, (3) harmonious relations between creditors and debtors (4) relief from litigation and (5) decrease of crime.

LONG PERIOD EFFECTS

The more important and long period result, namely orderly agricultural progress would be achieved by the raising of agricultural periods or reducing the cost of agricultural production. Cost reduction programme cannot be relied upon as most of the expense items are of a rigid character. Even if it were to succeed it will tend to usher in a vicious circle as consumer's income becomes reduced thereby. Currency control and credit regulation would be needed to pursue a deflationary campaign tending to raise the level of prices. It is a pity nothing has been done in this direction although England and America have both pointed out the path for reform in this direction.

SOME POSITIVE HELP

After all the Bill is a negative measure to ameliorate the present position of the agriculturists. To pull them out of the fire in the agricultural crisis serious positive measures would be needed. The Board of Economic Enquiry ought to formulate such steps as early as possible. The present suggestion of it is nothing but equality of sacrifice for the burden of agricultural depression is to be borne by the creditor class as a result of the working of the Debt Conciliation Boards. Deflation of agricultural income is to be followed by a deflation of agricultural debts. If this were to be constructive deflation there would be no opposition. Australia's efforts to overcome the effects of the world depression succeeded as the Premier's plan carried out constructive deflation by changing the gold value of her currency by adjusting her cost and debt structure to the drastically changed purchasing power of her currency and by expanding Central Bank credit and private bank credit for financing her public works and industrial needs. Australia's early recovery from the crisis than most other countries is undoubtedly due to the constructive deflation policy pursued by the Governments of the States. Bengal has to take a leaf out of this book of economic recon-

struction. Reasonably stable purchasing power has to be provided for, before any success can be achieved by this deflation of debts contemplated in the present Bill. Economic control of debts alone will be certainly abortive. It has to be recognized that control of prices in interest rates, exchange rates and wage would have to be thought of. All round economic control has to be established in to achieve permanent and lasting success. The vital elements of economic control are being sadly neglected. Will the Board of Economic Enquiry imprint this on the mind of the Government. Will it persuade the Reserve Bank to take up the debentures issued by the Debt Conciliation Boards? Will it persuade the Government to embark on a policy of expanding public works? Will it recognize the necessity of forming average economic holdings and secure the sale by voluntary or compulsory consolidation? Will it have the courage to point out that whilst the decline in our country, wholesale and retail prices has been greatest the ameliorative measures have been few and far between and that they have been of a haphazard nature and of a piecemeal character? A glance at the prevailing price levels in most important countries would prove my statement and contention for more drastic and well thought out remedies. The following table shows the decline in the price levels during 1929 and 1933 —

Country	Percentage Wholesale Prices	Decline in Retail Prices
Belgium	40.8	16.8
Canada	32.6	21.3
France	37.8	5.9
Germany	33.6	24.2
India	41.1	32.1
Italy	37.0	17.3
Japan	19.3	20.5
Netherlands	49.3	17.9
Sweden	25.0	10.0
The United Kingdom	28.5	16.5
The U.S.A.	36.8	28.2

Source—The World's Economic Survey—1933, p. 53

A WORD OF ADVICE TO CREDITORS

To the Mahajan creditor a word of advice has to be offered. The reduction of debt amounts and interest rates must not be looked at askance. Both in Italy and Germany there were enforced reductions of interest

rates. Signor Mussolini has converted the holders of short term Government securities into those of holder of the long term Lictoril loan. They had no choice in the matter of compulsory conversion although it involved some loss of income. The Bruening Government reduced the long term interest rates if they were found higher than six per cent. Wages, salaries and pensions were all reduced. There were price reductions by decrees and immense powers of price control were adopted. Compared with

these spasmodic and short lived attempts, the attempt on the part of the Bengal Government can be described as a modest and feeble peck at the profits of the Mahajan creditors. They might resent the good yielded now. But they must thank their stars that the consequences they have been reaping have been very mild indeed. They must wisely bend or else they might break their standing and position under greater pressure that might be applied.

The Actual Trend of Monetary Development.

By Professor Gustav Cassel

In the course of this year we have had four programmes for the restoration of the international monetary system. Views on this subject have been expressed first by institutions such as the Bank for International Settlements at Basel, and by conferences such as those of the Carnegie Foundation in London, the International Chamber of Commerce in Paris and the Antwerp Conference of Economic Experts. Individual persons in authoritative positions have all made statements on the question which have attracted much attention.

The general purport of these programmes is to recommend a reversion to a gold standard. They differ indeed in regard to the time conditions and forms of this reversion but nevertheless seem to regard it as a self evident and given matter that gold will one day recover the position as a basis for the world monetary system which it held before the War. This view is essentially dogmatic and is nowise based on any profound analysis of the subject. On the contrary, there still prevails an astonishing vagueness not only regarding the significance, desirability and possibility of a return to a gold standard but also in regard to the means by which this object is to be attained.

The pre War gold standard was in the nature of a legal system which ensured to the individual the unconditional right to exchange the currency of the country for gold at a parity fixed once for all. This legal security which was the essence of the former gold standard system has now been completely annihilated and can never be

restored. The idea that the special merit of the gold standard was to provide facilities for the individual to convert his money at any moment into 'something tangible' has been completely deprived of its basis after the experiences of the War and the post War period.

Proposals have been submitted to the effect that only the Central Banks should be entitled to acquire gold for monetary purposes. In regard to these proposals all that need be said is that such a gold standard would be an entirely different monetary system from that of the pre War period and in any case would not assure to the individual the security which he associates with the term gold standard. The stability in the value of gold itself would be almost entirely dependent on the demand for the Central Banks for gold and thus on the gold policy of the leading countries. The maintenance of a certain gold parity would thus not be any guarantee of stability in the value of a currency. In the event of any marked changes in the value of gold the given gold parities would certainly be abandoned and the international monetary system would thus once more be shattered without it being possible for the individual to protect himself against loss by any accumulated gold reserves. The world monetary system would consequently not gain any higher degree of stability by being linked together with the metal gold.

When people speak of a return to an international gold standard system, they usually

imagine it to be based on binding agreements between the various countries. To bind countries in such a way is, as we know, certainly not possible. The advantage of once more establishing the world monetary system on a gold basis is also more than doubtful. The mere fact that assets could be converted into gold would in critical times invariably lead to a feverish craving for liquidity, with a markedly increased demand for gold. An abnormal rise in the value of gold would then be inevitable, and this rise, which would be expressed in falling commodity prices, would be bound to aggravate the economic crisis in a marked degree. Furthermore, the possibility of obtaining payment in gold would give continued support to the unreasonable tendency of present-day commercial policy to refuse to receive payment in goods. Indeed it cannot be doubted that an international gold standard would greatly strengthen the present protectionist tendencies which goodness knows, have already done sufficient damage to the world economy. A special risk lies in the fact that big creditor countries, as experience has shown, can at any time accumulate immense amounts of gold and thus increase the value of gold, with ruinous results for the stability of the international monetary system. This very serious risk is bound to accompany any system whereby the world monetary regime is based on a single commodity such as gold, which can be amassed in unlimited quantities.

The drafters of the most superficial monetary programmes content themselves with speaking quite generally about stabilization. The monetary conditions of the present crisis have however, been characterized mainly by a lack of equilibrium between the external and internal values of the currencies. But the stabilization of a system which is devoid of internal equilibrium is, of course, a goal which cannot reasonably be aimed at. An adjustment of the rates of exchange to better conformity with the purchasing power parities of the currencies is a necessary condition for any stabilization of the world monetary system. In some quarters efforts are being made to attain this adjustment by a process of deflation which will raise the internal value of the currency on a level with its hitherto excessively high international valuation. On grounds which I have previously set forth the-e endeavour may be regarded as

rather hopeless. In the first place, the process of deflation may entail such ruinous effects that, as latterly has been done in Belgium, it will have to be abandoned. Should the process on the other hand unexpectedly succeed, the result will presumably be a further rise in the international valuation of the country's currency. There is but little prospect of eliminating the injurious overvaluation in such a way. The French currency in the summer for known reasons was subject to considerable distrust which was manifested in some weakness in the rates of exchange for the franc. In this way, the previous overvaluation of the French franc has practically disappeared. Should it however be real possible to carry out the present policy of deflation and should the country succeed in recovering its complete solvency it might rather be expected that the outside world would mark its recognition of such a notable achievement by a considerable rise in the rates of exchange for the franc and that the overvaluation of the franc would thus once more become a rather disturbing factor in the world economy. In particular it might be expected that those gold countries which had not succeeded in carrying out a corresponding deflation would be driven off the gold standard.

In those quarters where the significance of a return to a gold standard has been somewhat more carefully considered, people usually have recourse to proposals for a provisional gold standard. The majority of the Antwerp experts have agreed on such a recommendation. It is intended that the various countries should come to an agreement regarding provisional gold parities. The fluctuations in the rates of exchange should then be limited, so as to keep within

¹ Considerable change has now taken place in the valuation of the gold currencies reported in my article in the January issue as is shown by the following table

	Over valuation (+) Under valuation (-) in relation to the pound sterling Sept. 1934 1935	
Belgium	+ 7%	- 9% (July)
Italy	- 13%	- 23% "
France	- 17%	- 1% "
Holland	- 22%	- 19% (Feb)
Switzerland	- 41%	- 43% (July)
Germany	- 57%	- 62%

As we see the lack of equilibrium is in some cases still very marked.

a certain rather wide margin above or below these parities. Should a certain parity prove to be inconvenient no attempt should be made to adjust oneself to it by any process of deflation; instead a new more suitable parity should be fixed.

It is difficult to see what could be gained by such a provisional gold standard. In point of fact gold in such a system is not a true standard to which the currency has to adjust itself. The standard by which the true value of the currency is thus assessed is actually something quite different, being either a stability in the internal price level or else the correspondence of the rates of exchange to the purchasing power parity of the currency. What people call a gold standard will be merely a thin temporary gilding of this actual standard.

The introduction of such a provisional gold standard is however a matter which is by no means free from risks. The adjustment of the gold parity which is held in it will in practice always be an adjustment downwards. There is thus a balance of probability that the gold parity of the currency will sooner or later be reduced. This probability is bound to lead to a hoarding of gold which will naturally become more marked in any period of economic unrest. The consequence will be a rise in the value of gold with the result that the maintenance of the gold parity will be impeded or entirely prevented. It is as though the machinery had been provided with a safety valve which worked in the wrong direction. Such a monetary system would suffer from a marked lack of internal stability, which should preclude from the outset any idea of resorting to a provisional gold standard as a means of escape from the present difficulties.

It would certainly be far more useful if instead of drawing up more or less arbitrary programmes for the future at one's own sweet will people would devote themselves to unbiased observation of the path in which actual developments are moving. It would then be found that the natural need of a stable international monetary system has already led to the establishment of a sterling bloc which has now been in existence for four years. This sterling bloc possesses a monetary system with very stable rates of exchange between the various currencies of the bloc and with a remarkable stability in the internal purchasing power of those cur-

rencies. The fact that such a system has actually developed confutes the old dogmatic view that any stability in an international monetary system is possible only on a gold basis. Those who still adhere to such views have therefore been at pains to show that a sterling bloc also has its weak sides. Countries which are greatly dependent on the export of certain special commodities might it is observed easily be driven off their present pound parities if the conditions under which this export was carried on assumed a particularly unfavourable character. It is in fact, not difficult to imagine economic conditions which would compel for example Denmark or Australia or New Zealand to reduce the pound parities of their currencies. But this is a risk which is inherent in any international monetary system and which the introduction of a gold standard could nowise prevent. The existence of this risk is indeed a wholesome reminder that a certain stability in international commerce and in the distribution of production is a *sine qua non* for stability in the monetary system.

The continuous adjustment of the economy of the sterling countries to the stable currency system has doubtless the effect of continually increasing the internal strength of the sterling bloc. Confidence in the sterling bloc has in fact grown year by year, and this confidence has undoubtedly been one of the primary factors in the economic advance which the sterling bloc countries have enjoyed. The sterling bloc has indeed increased in extent and even countries which have not directly pegged their currencies to the pound are now pursuing a currency policy which involves a certain rapprochement to the pound.

One of these countries is the United States. To all intents and purposes the dollar is now closely linked to the pound. The fluctuations in the dollar rate of exchange for the pound have kept for a year for the most part within 1 to 2 per cent of the medium rate of exchange and the dollar thus fulfils the requirements which the adherents of a provisional gold parity generally set up in regard to the external stability of a currency. The overvaluation of the pound which possibly existed when the new gold parity of the dollar was fixed in January 1934 now appears to have been adjusted partly by the fall in the rate of exchange for the pound but chiefly by the rise of

prices in America. The efforts to stabilize the rate of exchange between the pound and the dollar have thus been given a firm basis. Both countries assist in this stabilization by counteracting each in their own way, any marked changes in the rate of exchange. Any appreciable rise in the rate of exchange for the pound is prevented by England selling pounds thus purchasing gold or foreign exchange and any marked fall in the rate of exchange for the pound is prevented by America offering dollars by the purchase of gold or silver or in some other way. In case of necessity the American authorities are prepared to raise the price they are willing to pay for gold by lowering the gold parity of the dollar within the still remaining margin between 60 to 50 per cent of the former parity. This situation entails a certain practical stability in the rate of exchange between the pound and the dollar which has proved to be a basis on which the economic system can actually work. At any rate there is scarcely any prospect that the efforts at stabilization will get any forwarder as public opinion in America is strongly opposed to any binding of American monetary policy. To negotiate with the United States with a view to such binding engagements would be a sheer waste of time. Even if, contrary to expectation it were found possible to conclude an agreement with the President, one may be quite sure, as I have previously pointed out that the Senate would refuse to ratify an agreement which would surrender American interests to Europe.

Despite the United States nominal return to a gold standard gold is no longer any real standard for American monetary policy. According to the President's programme a constant purchasing power for the dollar is to be the guiding principle for the future. But should a moderate rise of prices supervene in England which would be highly desirable it is fairly certain that America would gladly follow suit. Now this of course means that the maintenance of a stable rate of exchange for the pound is

at the present the real standard for the regulation of the dollar. If, on the other hand England should indulge in an moderate inflation or even in a rather moderate deflation, it must be expected that the connection of the dollar with the pound will be severed. But under such conditions the whole sterling bloc would presumably go to pieces. Its stability is entirely dependent on the pursuance by England of a sound monetary policy.

To all intents and purposes however the world monetary system is on the way towards a stabilization on the basis of the English pound. In the course of this development the interest in the gold value of the various currencies will recede more and more into the background especially as the world now seems to realize in what degree the value of gold itself is dependent on American monetary policy, and how badly this value corresponds to the old fashioned ideas of a fixed point in the dynamics of the world economy.

If what I have just said is the correct interpretation of the trend of monetary development at these times the leaders of practical monetary policy will it seems have no alternative but to support that development. Such an attitude need not involve a campaign against countries which are still endeavouring to adhere to a gold standard. One may fully appreciate and respect the reasons for such endeavours and yet realize that they will not lead to any real solution of the world monetary problems. The sterling group should show the greatest consideration for countries which desire to link their currencies with the pound at a reasonable parity and in particular attempts should be made to induce countries which are being forced off their former gold parities to join the sterling bloc instead of, as Belgium did, electing a new gold parity and thus exposing themselves once more to all the risks inherent in a provisional gold standard.

It is senseless to postpone the economic restoration of the world pending a return to an international gold standard. The sooner this chimera is abandoned and the world realizes that it is already on the way to another and better monetary organization, the sooner can all good forces be concentrated on the recreation of reasonable conditions for the international exchange of goods and thus on the restoration of a sound world economy.

* Official index numbers with 1913 as a basis actually show that the pound is now under valued. None the less people in England maintain that an over valuation of the pound still exists. When the rate of exchange is close to the purchasing power parity such a divergence of opinion will always be manifested but it should not stand in the way of practical co-operation between the countries both in monetary and commercial policy with the acceptance of the rate of exchange as an index of approximate equilibrium.

Co-operation To-Day.*

By Rajadharmaprabina Diwan Bahadur

K S Chandrasekhara Iyer, B A , B.L

There are some words which because they define a great and inspiring idea exercise a powerful influence on collective mentality and action. One such which carries its appeal to all who can understand its significance is *Co operation*. United action for the common good—there shortly is the principle motive and method implicit within a single simple formula.

But an idea however lofty does not have the same effect if confined to a single mind as when it interacts with the thoughts and emotions of others when it agitates and compounds the energies of many minds. And further just as the few separate letters of the alphabet when appropriately combined go to form the whole world of literature so can the close association of individuals in the active promotion of a great common purpose achieve results very far beyond the sum total of their separate efforts. That is why associated endeavour is of such great importance in the co operative movement.

It would be difficult to over estimate the value of co operative association whether from the point of view of economic satisfaction or from that of educational and social improvement and moral uplift. The individual learns through it that there is something more to be sought than mere material gain for himself. It stimulates the social virtues develops leadership promotes loyalty to the common cause instils ideas of hope helpfulness and organized progress. In a word it alters completely the ordinary outlook of the individual and groups of individuals on social life and its problems. As the value

of co operative experience in the cultivation of true public spirit and of practical efficiency in action is increasingly recognized it will indeed work a sure if silent revolution in the public life of the country. No citizen will be regarded as worthy of honour and influence who has not been trained and tried and tested in the principles and practice of Co operation.

Though nearly a hundred years old Co operation is still a young movement in India with barely thirty years of growth behind it. It has made mistakes it has had setbacks but it has an innate power of recovery analogous to the vigour and resiliency of youth. It is in truth a movement peculiarly adapted to the needs and conditions of our land bringing as it does a sure and effective remedy for the chronic poverty and indebtedness the social and economic helplessness which conditions the life of the masses.

It is for those who are informed by the spirit and inspired by the ideals of Co operation to bring its benefits home to the understanding of the common people to make them see by simple teaching and the eloquence of practical example how the consistent policy of helping others while helping themselves will tend by itself to change the whole complexion of their lives.

And on this day especially, when co operators from all parts are gathered together to attest their faith in the message of Co operation and to signalize their unity of purpose with the co operators of other lands it behooves us to renew our enthusiasms and strengthen our resolves to make Co operation a living influence for good in the lives of ourselves and others and to make the coming year one of definite and decided advance.

* Part of speech made at the celebration of the Thirteenth International Co operators Day on 2nd November 1935 at Bangalore

Bombay as well as Trivandrum is to have a rubber factory. A European firm with a capital of 50 lakhs of rupees (£375 000) are it is stated to start the manufacture of solid rubber articles.

The world judges a fellow by what he actually is and not by what he says he is

* * * * *

It's not getting licked but staying licked that runs us

Economics of Recovery.

By V. L. D'Souza.

More than five years have elapsed since the world was plunged into an economic depression. For the distress and destitution that it has inflicted upon mankind there is no parallel in history. The economic system of many countries has suffered a violent upheaval. The industry of the world so elaborately built up in the course of one or two centuries has been rudely shaken. The volume of the world's production has fallen from its 1929 level by some 40 per cent and the value of international trade is now only about one third of what it was in 1929. Immense reserves of capital still remain stagnant and sterile. Exchanges and currencies remain unstable. The springs of international lending are practically dried up. Unemployment has reached gigantic proportions. In India the wholesale price index which stood at 143 in 1929 has fallen to 90 in 1935. The value of her principal crops has declined from about Rs 1,000 crores to about Rs 500 crores. The merchandise in exports has decreased from Rs 330 crores to Rs 150 crores.

The disturbance of the relationship between costs and prices lies at the very root of the shrinkage of production, trade and employment. The problem of recovery is precisely the restoration of the equilibrium between cost and prices. Apart from raw material the items which make up costs of production are interest on debt, overhead charges, labour charges, depreciation, rents, rates and taxes; these are more or less rigidly fixed in terms of money. It is estimated that 50 per cent of the cost of production is absorbed by raw materials and 50 per cent by the rigid or inflexible charges. In agricultural countries like India producing raw materials and foodstuffs it may well be that the rigid items predominate in the cost structure. The Indian peasant pays the same amount in land revenue, water rates and interest charges but he receives less than half the amount for his produce. In the best of times he is on the verge of poverty; now he is reduced to distress. The shares of the government, the landlord and the money lender are fixed and the pressure of falling prices is entirely on the peasant who is the least capable of bearing it.

The effect of the disparity between rigid costs and falling prices is in industry to reduce profits, to destroy the incentive to produce, to curtail production and to increase unemployment. In agriculture due to the greater proportion of the rigid items in the cost of production the falling prices cause serious distress. There is no real curtailment of output; indeed there is a positive increase of output. The farmer is deeply attached to the land; he is unable to shift his mode of living or change his occupation and his obligations in terms of money are so inflexible that he needs must increase his output to offset the fall in prices. Hence the phenomena the world over of accumulating stocks of unsold produce and a drastic fall of agricultural price. Hence also the disequilibrium between the prices of agricultural products and those of manufactured goods which is a characteristic feature of the depression. It is not often realized that agriculture and industry are complementary pursuits in the sense that the one is a market for the other. Reduction in the purchasing power of the agricultural population reacts on the prosperity of the industrial people and vice versa. The gap between agricultural prices and industrial prices must be bridged so that the exchanges between primary producers and producers of manufactured articles may take place on mutually advantageous terms.

There could be no recovery from a world wide depression until and unless the different countries co-operate in restoring monetary stability and foreign exchanges in resuming international lending and in bringing about a freer and fuller flow of international trade. There are factors in the depression which are international in character. No State however skilful and energetic acting on its own behalf can do away with the cause of the upheaval. The problem of the slump is not bound up with the frontiers of any one country and there can be no national solution for what is a universal problem.

Since all attempts at joint action and international co-operation have failed, each nation in its own self interest has been driven to apply its own remedies and work for the recovery in more or less isolated conditions.

The measures applied by the various countries operating within their own frontiers are calculated to remove the prime cause of the depression, namely the disequilibrium between falling prices of commodities and rigid costs of production. The national aim has been on the side to raise prices and on the other to scale down the burden of costs.

The most important measures to lift the depression and raise the price level may be briefly recounted. Several countries have put into operation schemes of restriction. The object aimed at is the control of production and sale of those commodities which are peculiarly susceptible to price changes. Thus India has restricted the production of tea, rubber and jute, hoping that a reduced supply would enhance the prices of these commodities. In fact, there has been a considerable recovery in their prices. Abandonment of the gold standard, devaluation or reduction of the gold value of the currency unit and competitive exchange depreciation—these have all been tried more or less successfully as a method of stimulating exports. Thus when England went off the gold standard the sterling depreciated by about 30 per cent, an advantage which also accrued to India whose currency was linked to sterling. But the advantage was soon nullified when one country after another abandoned metallic currency and depreciated their money. A more constructive method has been the negotiation of Trade Agreements. When the channels of international trade are completely blocked up and every country pursues a policy of economic self sufficiency, the only secure outlet for a country's exports is through Trade Agreements. India has concluded such agreements with Great Britain and Japan whereby in return for certain advantages the former offered a market for Indian tea, oil seeds etc., and the latter for Indian raw cotton. While Trade Agreements extend the markets of our agricultural produce a policy of protection stimulates our industrial production. Thanks to the high tariff, the era of depression in India has coincided with brisk industrial activity, for example, cotton, sugar, cement, iron and steel.

While one set of measures operate on the

side of raising prices another set operate on the side of scaling down fixed charges and debt burdens. A large variety of methods have been adopted by various governments to relieve the indebtedness especially of agriculturists who have been the worst sufferers from the depression. Thus measures are taken to convert short term into long term obligations, to grant tax relief to negotiate rent deductions, to supply credit at reasonable rates of interest, to grant facilities for the redemption of mortgages to reduce the rate of interest to $4\frac{1}{2}$ or 5 per cent and so on. The Governments in India have not been unaware of the plight of the agriculturist. Though heroic remedies which usually fail of their purpose have not been put into operation, relief has been given to the agriculturist in several directions. In some Provinces the land revenue has been reduced, legislative enactments placing restrictions on the alienation of land and on the extortions of the money lenders have been passed. Debt Conciliation schemes whereby a great deal of irrecoverable debt is written off and the capital of the loan is adjusted to the paying capacity of the borrower are being worked successfully. The Government of India has made considerable grants to the Co operative movement and the handloom industry and in the current year it has voted over a crore of rupees for rural development.

Thus there has been a two fold attack on the depression, one on the side of raising the level of prices and the other on the side of scaling down the fixed charges and the rigid costs of production. If these recovery measures are applied consistently and with vigour, the disequilibrium between prices and costs will be corrected. The violence and intractability of the depression is really due to the unbalance between prices and costs and whatever devices could be adopted to restore the parity between the two helps towards recovery. The situation calls for international and concerted action but no country can afford to sit with folded hands and wait for the dawn of international wisdom. In its own self interest, every nation must seek its own solution for the peculiar difficulties created by the depression.

Gold Exports of India

By H Lal BA

Research Student Benares Hindu University

God wrote Columbus a note uncaring a union constituted and ne who
 pnce las alle eds this o d as a the means of e unso l f om Pu ga o y
 a d res or th n to the enoyment of Parad e

—R H Tawney R o d R of Cat p 89

The gold fetish has so enthralled men
 through out history that they have very often
 been led to say with prejudice in their dis-
 cussion about gold. Much has been argued
 both for and against the problems connected
 with gold currency chiefly round the gold
 standard gold price stability gold mining
 a gold mobility though no definite conclu-
 sions have yet been arrived at. The last
 great problem has assumed special por-
 tance since England's export of gold in 1931.

The occurrence of a serious international
 gold movement has attracted public atten-
 tion in many countries. The onesided
 India export of gold concerning about
 the same time has also been a matter of
 serious consideration. India, Britain and
 the United States intellectual atmosphere
 of India so deeply that one is interested
 in the question to place the problem
 in its proper perspective to a large extent
 to examine it from all possible angles
 of light so as to avoid fallacies and to suggest
 the best policy for the Reserve Bank to
 follow in the circumstances.

1.—THE PROBLEM

A critical survey of the history of India's
 foreign trade reveals that from the earliest
 times India enjoyed a favourable balance of
 trade. She was constantly in port of large
 quantities of gold but with the exception
 of certain voluntary loan of Mahmud of
 Ghazni and Nadir Shah through her, at
 present there has been no gold export on the
 name. Her insatiable hunger for gold and
 its heavy absorption through her character-
 ized her foreign trade in all the three
 ancient, feudal and modern periods of
 her history and she has earned her rich
 name. The East India Company for the yellow
 metal. The same knowledge in the gold
 has been reported and hoarded in this
 country during earlier periods. The only
 accurate estimate ever made appears to be

at the last century by Joseph K. Telton. It
 is Meera's Gold Production. The
 last calculation in India's absorption of gold
 between 1835 and 1929 to be about 15 per
 cent of the world's output. The heavy
 absorption of gold has a tendency in
 the last 10 years and 1931 when the
 depression was at its extreme the tide was
 reversed and the export of gold began
 to rise.

At the same time India's favourable
 external balance has also continued ally
 in the last century. The real of the depression
 in 1929. In the earlier half of 1931 when
 the depression was at its lowest as only
 about 9 crores. Excepting the later period
 of 1931 when it rose to 15.8 crores due to
 the decrease in Indian export caused by the
 unstable conditions in England and the
 present decline of prices in India. The agri-
 culture steeply fell to 45 lakhs the first
 half of 1931. (See Table I). This would
 average the first half of the foreign trade and
 the position of the Government and the
 Home Charge and a further adverse
 balance of trade could have not been
 paid. But the huge gold loss since Jan-
 uary 1931 has helped the Government to pay;

TABLE I

Net Merchandise Balance 1929-33

(Value in Lakhs of Rupees)

Year	January	July
1929	34.06	+ 34.32
1930	+ 30.16	24.74
1931	+ 9.70	+ 15.80
1932	+ 5.00	+ 4.02
1933	+ 12.90	+ 19.18

Source: 1931-32 based on the *Bank of India Review* 1931-32. *League of Nations* Gen. vs. p. 17.
 1932-33. Calculated from *India's Foreign Trade*
 1933 (1934) pp. 89-90.

the above charges and has also sustained the imports of goods and services in 1931-32 which would otherwise, have fallen continuously with the falling exports.

Since 1931 and up to date more than Rs. 200 crores worth of gold has left India at the rate of about 60 crores per annum (see Table II). This has been a matter of serious discussion in India and enthusiastic articles criticizing the policy of the Government and warning the public against this loss have appeared. But majority of them have not referred to the changes brought about in the status of gold during the crisis and the manner and circumstances in which gold exports are taking place.

TABLE II

Net Indian Exports (+) and Imports (-) of Gold, 1931-32 to 1934-35 *

(Value in Thousands of Rupees)

Years	Value	Years	Value
1931-32			
April	-16 45	December	+17 48.59
May	19 06	January	+ 9 07 27
June	+47 99	February	+ 7 43 20
July	+22 00	March	+ 6 73 47
August	+ 7 38	1932-33	+66 54 28
September	- 1 71	1933-34	+57 04 30
October	+8 06 17		
November	+8 30 43		

* Calculated from *India Finance Year Book* 1934 p. 50

2—PRELIMINARIES

To avoid further misconception, it would not be out of place here to discuss some preliminary facts which have a great bearing on our problem.

1 Since England went off gold many other countries including India followed which have now formed the Sterling Area as against the Gold Bloc consisting of the gold standard countries. Gold being undervalued in the Sterling Area finds its way to the Gold Bloc where it is either sold at a higher price or is invested in stable securities. So a regular trade in gold between the Sterling Area and the Gold Bloc is taking place in which all the members of the two participate.

2 In the Sterling Area gold is no longer a money article but a commercial commodity, most mobile in nature. It has become a subject of interest to innumerable private persons, some of whom actually deal in or

hold gold and some of whom are benefiting as share holders in the abounding prosperity of the gold mining industry. The World Crisis has changed the status of gold from monetary to commercial gold.¹ Thus gold going out of India is not doing so as a money article but as a common commodity.

3 Gold from India is not exported to Britain only, but to many other countries, e.g. France, Holland and U.S.A., and London is mainly acting as an entrepot market.² The following statistics of gold exports and imports for England in 1932-33-34 (of Jan to June 30 every year) show that largely the gold imported into England has flowed out to France, Holland and U.S.A. The net balance of only £12 millions worth of gold in 1932 went to the Bank of England. In 1933 the net balance of £81 millions was used for maintaining the Exchange Equalization Account and the 1934 balance of £91 millions went to the Bank of England for storage on behalf of the foreigners. So that only a little fraction of the total imports during the three years remained in the use of the Bank of England.

3—THE CAUSES OF THE GOLD EXPORTS

Various wrong causes have been attributed to the gold exports but suspicion mainly centres round the Government's policy of linking the rupee to sterling at a high ratio of 1s 6d which has led to many serious allegations against the Government. The following quotation from an editorial of *The Leader* dated January 30 1932 would be an illustration in point—

India's gold hoards which are believed by British Economists to be fabulous are to be tapped for strengthening the position of sterling. Formerly, India's gold reserves were frittered away to prop up the exchange value of the rupee. Now India's private holding of gold is being utilized for bringing about the appreciation of sterling and along with it—incidentally we may say—of the rupee.

Sailing in the same boat some Economists conclude that it was the linking of two 'unstable' currencies (sterling and the rupee) that led to such huge gold exports from India.³

¹ *Midland Bank Monthly Review* July and August 1934

² *Ibid*

³ Cf. e.g. Prof. B. R. Shenoy's article on Exports of Gold from India in the *Indian Journal of Economics* July 1935

TABLE III
England's Exports and Imports of Gold 1932-33-34
 (First six months each year)
 £ (000 000 s)

Year	Imports from	Value	Total	Exports to	Value	Total	Net Balance
1932	Africa India U.S.A. Others	32 36 8 10	86	France Holland Others	50 11 8	1	12
1933	Africa India Australia Germany Holland France U.S.A. Others	34 19 12 11 10 14 8 16	120	France Holland U.S.A. Others	77 12 16 9	44	81
1934	Africa India Germany Netherlands Sweden France Others	31 23 22 7 14½ 77 18½	196	U.S.A. France Others	85 12 6	103	93

Source: *Monthly Bulletin* July and August 1934

The argument advanced by the upholders of this view is that the high ratio discouraged the Indian exports and turned the balance of trade against India hence the gold exports were made to equalize the balance.

This argument is however fallacious for the following reasons—

(1) It attaches undue importance to the relation between the balance of trade and gold movement. Exchange ratio has not caused gold exports for it is not possible to establish any definite causal connection between the balance of goods and services and the export and import of gold. It can not be said that an unfavourable balance always causes exports of gold and favourable balance imports of gold for gold may also be exported and imported for direct grain which has nothing to do with the balance of trade. This is especially the case when the country is off gold. Even the case of India as shown by the figures of trade in Table IV supports this for till 1931 India was importing huge amounts of gold although her balance of goods and services was unfavourable to her while according to the adherents of the balance of payments theory it ought to have exported it. But this could

only have been possible if India had a Gold Standard or if her securities position had remained unchanged. As both were out of the question it definitely proves that Indian gold exports have not gone to fill up any gap in the balance of payments even as the imports of gold did not do so. Just as gold imports took place for commercial

TABLE IV
*Showing the relation between the balance of trade and the gold movement 1926-1931**
 (In Crores of Rupees)

Years	Net Balance	
	Goods & Services	Gold
1926-27	29.46	-19.40
1927-28	14.80	-18.10
1928-29	2.81	-21.70
1929-30	4.20	-14.22
1930-31	12.36	-12.76
1931-32	30.44	+57.97
1932-33	56.04	+65.52
1933-34	19.02	+57.05

* Calculated from *Balance of Payments* 1933 League of Nations pp 100-101

(2) As most of the gold found its way to France Holland and US A, so the Rupee Sterling Exchange cannot be the cause of the gold exports rather the varying cross rates specially New York London and the London Paris rates, attracted the gold by raising the price of gold abroad as a result of their depreciation. A comparative study of the different rates and the gold prices in London indicates that the price of gold had the tendency to move in accordance with the movements of the cross rates and not of the Sterling Rupee rate. Referring to the Fig 1 it may be seen that the curve

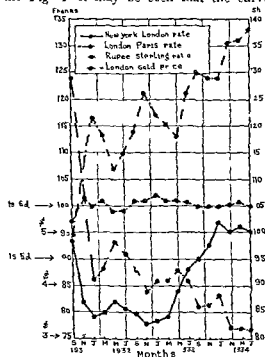


FIG 1

Showing the relation between the Exchange Variations and London Gold Price
1931 32 33 34

representing the London gold price rises with every fall in the cross rates and falls with every rise in them. Thus the gold price stands in inverse relation with the cross rates and has no resemblance with the movement of the Sterling Rupee Exchange. Till the first quarter of 1933, the price curve followed inversely the parallel movements of both the Sterling Dollar and Sterling Franc rates but during the rest of 1933 it followed independently the movements of the franc for dollar left the gold parity. Since January 1934 it has again moved in accordance with the movements of

both the dollar and franc, as dollar has returned to gold at a lower parity.

(3) India was not the only country to export gold. Other countries e.g. South Africa and Australia with the most stable currencies also exported gold to make profits from the high international price of gold. So that it cannot be said that gold exports have been caused by the linking of two unstable currencies i.e. the Sterling and the Rupee.

(4) It has been wrongly assumed that England had to depend entirely upon India, for the maintenance of sterling for, only then can it be argued that Indian gold exports were encouraged by the Government, for the selfish motive of bringing an appreciation of sterling. If so then, what is the object of the Exchange Equalization Fund? Were all other countries of the Sterling Area possessed by a holy dread when the sterling was depreciating? Obviously not, the burden of sterling has not been borne exclusively by the rupee. Other currencies have also shared it and supported sterling. So we see that other forces could well have maintained sterling even if there would have not been any support from the rupee. It was incidental that the gold exports were made from India which supported it. The Government did not compel the gold to leave Indian shores and had no such policy. Moreover, a review of the British Government's monetary policy indicates that a depreciating exchange has been favoured by England for it encourages her export trade and the Exchange Equalization Fund has been constantly utilized specially for keeping sterling low. The present booming condition of her industry and trade has been thought to be the result of the same. So that under such circumstances the British Government would never have liked appreciation of sterling. Hence the argument that gold exports were encouraged by the Government to bring about the appreciation of sterling is not convincing for it stresses a policy which has been against the British commercial interests.

4—ALTERNATIVE POLICIES

It would now be useful to examine what would have happened if the rupee had not been linked to sterling at 1s 6d. There were only four alternatives—

- (1) To link the rupee to sterling at 1s 4d
- (2) (a) To leave the rupee to find its reasons so have the exports taken place for commercial gain

own level in terms of Exchanges by managing the rupee circulation and the bank rate

(b) To manage the rupee with a view to securing internal stability of prices in relation to costs

(3) To keep the rupee on gold at the old parity of Rs 21 3 10 per tola

(4) To link it to gold at a lower parity i.e. Devaluation

In the first case there would have been more gold exports for £1 of gold which brings Rs 13 5 0 to day would have brought Rs 15 0 0 and so people would have exported more gold to earn larger profits. This would have been disagreeable to our gold fetishists but nonetheless a blessing in disguise.

In the second case if the rupee would have been so managed as to keep the amount of money in circulation the same and the bank rate unaltered at about 7 per cent the exchange ratio would have risen above 1s 6d to somewhere about 2s 6d due to the depreciation of sterling. This would have certainly turned the balance of trade against India by decreasing her exports and would have necessitated large foreign borrowing to make up the balance which would have given a serious dose of deflation to India. The higher ratio would have discouraged the export of gold certainly but it would not have stopped it as it depends upon the cross rates. Any ratio which gave an external price above Rs 21 3 10 per tola would have brought about exports of gold. The management of the rupee with a view to securing internal stability of prices in relation to costs would have required large inflation of currency to raise the low price level to the high cost level. In this case the ratio would have fallen below 1s 6d and gold exports would have been further encouraged as shown above. But it would have given double benefit to India by (1) enabling the Government to cancel foreign securities by the increased exports of goods and gold and (2) redressing the internal economic distress caused by the exceptionally low price level in relation to costs.

The third alternative would have been undesirable for it would have brought still more deflation due to the deflationary standard gold. The Indian price structure would have moved with the gold price structure and would have consequently taken a downward course.

As regards the fourth alternative even a return to gold at a lower parity would not

have been in the interest of India as it would not have brought about internal stability of prices.

So that leaving aside these two alternatives any one of the rest would have favoured gold exports. It was not only the linking of the rupee to the sterling at 1s 6d that caused gold exports. If the criterion of rejecting the exchange policy of Government is supposed to be the gold exports then I believe the exponents of this view would have rejected even the independent management of the rupee because it would have caused exports of gold. The exchange policy of the Government may be rejected on other grounds but not on this as the gold exports are not at all related to it.

5—THE REAL CAUSE

The real cause of gold exports was the rise in the external price of gold as a result of our departure from gold. The depreciation of sterling due to its going off gold and the linking of the rupee to sterling enabled the merchants of India to realize large profits in rupees by the sale of gold abroad. In September 1931 the external price of gold jumped from 84s to 99s while that of India from Rs 21 to about Rs 23. So that the merchants got high profits by selling gold abroad and buying it in India.

The proper explanation of the gold exports in June 1931 and later months before September can only be that it was the result of the faulty forecasts by the speculators of a tremendous rise in gold price abroad to profit by which they made gold shipments. But the forecast being too early the export movement slackened and diminished gradually and in September in spite of the tremendous rise in gold prices in London it was reversed as the money market of London had then become a turbulent sea. As soon as the atmosphere became calm and confidence was restored the artificially suppressed movement violently erupted and in October gold worth Rs 8 56 17 000 was exported. The further rise in the external price encouraged people more to sell their gold in foreign lands and hence the gold exports were made in large quantities. (See Table V)

Together with this was the World Depression adversely affecting India. Agricultural prices had fallen enormously. Unemployment was at its highest pitch. Distress and depression was all round. People had no money to satisfy their needs. At such a

TABLE V
London and Bombay Price of Gold in
1931-34 *

Year	Month*	London Price			Bombay Price		
		s	d	per Oz	Rs	A	P
1931	August	84	9	6	21	4	6
	September	99	9	3	23	4	0
	October	106	1		25	7	0
	November	111	0		27	3	9
	December	123	4		29	13	0
1932	March	118	10	5	27	14	6
	June	113	3		28	6	2
	September	118	7	8	29	4	7
	December	125	9	3	30	12	0
1933	March	120	2	5	29	11	6
	June	120	3		30	4	4
	September	130	8		32	6	1
	December	125	10		31	4	6
1934	March	136	9	5	33	13	4

* Based on *The Economist* (London) and the *Indian Finance* (India)

time an opportunity was seized by them to improve their condition. Hard necessity compelled them to utilize their long deposited hoards. The gold shipments were undertaken mainly from considerations of direct financial gain. The dead asset was at last helpful and relieved the inclemencies of the depression.

Thus both these factors viz. the rise in the external price of gold and the World Depression by their combined force caused huge exports of gold from India and both the commercial and the distress gold left India in huge amounts. It is true that the benefit of the high prices was to a small extent obtained by the merchants and middlemen at the expense of the poor cultivators but it is also true that a general relief was brought about by the gold exports and a movement towards recovery started.

6—EFFECTS OF GOLD EXPORTS

The popular view has always been against the gold exports. The crystallized expression of the same appears in the following resolution of 26th March 1932 of the Federation of Indian Chambers of Commerce and Industry—

The Federation views with grave concern the continuous and heavy exports of gold from India and strongly urges upon the Government of India the desirability of putting an immediate embargo on the exports of gold from India as such a

heavy and continuous drain on the precious metal will seriously endanger India's future monetary reconstruction.

The Federation further urges on the Government the necessity of purchasing gold in the open market at a price fixed on the basis of day to day ruling rate.

Against this is the view of the Government and others in favour of the gold exports.

The exports of gold at this stage His Excellency the Viceroy remarked is definitely and decisively to India's advantage. The following remark of His Excellency is worth considering in that connection—

In fact it is clear on any impartial view that there is not only no cause for anxiety in what is now happening but that it is conferring a great benefit on both public and private interests and proving that there are at least some occasions in an Economic Cycle when India's ancient tradition of investment in gold can prove to be of direct economic advantage to the country.

As for the former view, it purely depends upon the lust for the yellow metal and the hope that India would return to the gold standard in future. If mere hopes satisfy men let them hope but the general opinion about the return to gold is otherwise. The future of gold is dark and uncertain and the recent changes in the status of gold further darkens it. A return to gold is only possible when it is done so by universal agreement and co-operation and as it appears to be a Herculean task to achieve in the present circumstances it is doubtful if there will be a general return to gold. Even if it be so it would not be desirable for India to follow as there would be no stability of gold prices even then. The demand for gold being increased for the time being the gold prices will rise but there exists such a huge supply of gold in the world today that the moment their market is opened they will turn the gold prices down to an abnormally low level and will render the maintenance of the gold standard very difficult. Further India's economy is largely internal and closed and it requires internal stability while the gold standard is pre-eminently an exchange standard and brings exchange stability. Hence it would never be in the interest of India to return to gold.

When there is no possibility of return to gold in future would it have been desirable for India to lock the gold in hoards and suffer the pangs of depression? Obviously

not. Hence all the arguments against gold exports fall flat on the ground. The dead asset for which India has always been blamed has been utilized at the right time. To argue against the gold exports would be to argue against the action of a miser who for the first time tried to utilize his hoards in productive channels against his usual habits.

The case for the gold exports would be all the more clear when we consider the gain that the exports brought to us in return. It was advantageous to the Government as well as to the Indian public for —

(1) It enabled the Government to pay up its annual Home Charges without borrowing. So no further pressure on the public purse was made by levying additional taxes at the time of extreme depression.

(2) It enabled the Government to pay up its sterling debt to a large extent and thereby improved India's credit in the world market.

(3) It helped Indians to tide over the depression and brought them necessities and luxuries for the dead asset. The investment of gold in sterling is earning some interest at least and hence is economical. The poor farmers got money enough to purchase necessities while commercial men imported luxuries as cars and so on.

(4) The gold exports have helped to spread optimism in trade. It has caused some inflation and supplied purchasing power to the people. But there was no un planned and erratic expansion of currency and depreciation as shown by some for in 1931-32 the amount of currency expanded was only Rs 20.57 lakhs. In 1932-33 instead of more expansion a contraction of Rs 8.60 lakhs took place. Further observing the index number of prices we find that since 1929 the prices took a downward turn. In 1931 the index number was 97 and in the successive years falling further it came down to 90 in 1934. Had there been any marked inflation the index number would have risen enormously. So that the conclusion as drawn by some regarding the inflation caused by the gold exports appears to be inconsistent with the fact. The inflation was only of the degree that was necessary to relieve the depression.

7—CONCLUSION

Considering these points it may be con-

cluded that the gold exports have not been disadvantageous to India and are not a sign of growing poverty of India. They are a temporary phenomenon beneficial to India and the recent decline in the rate of exports supports this assertion. In future when the internal price of gold rises above the external price heavy import movement may be expected. India should then try to make a better use of gold than merely hoarding it.

Hence any embargo on the gold exports would have been detrimental to the Indian interests. It would have perpetuated India's evil habits of gold hoarding and India would have had to suffer very much during the depression.

Under these circumstances the policy as suggested by some regarding the purchase of gold at the ruling market rate and putting it as cover in the Reserve Bank would have been undesirable and useless. It would have sterilized gold which is now earning some interest being invested in securities. The cover of about 42 crores of gold besides silver sterling and other assets is sufficient for India and the system is working well. Any further addition in the reserve will be useless. The reserve of gold has really become redundant. The idea that gold is necessary in any quantity to support currency is a delusion and that the whole weight of exchange consequent upon the working of the Economic Law is built upon and supported by a sentiment only and that sentiment is public confidence and nothing else. Public confidence has replaced gold.⁴

So that public confidence being secure in India any further addition of gold in the reserve would be unnecessary. The problem today is not of keeping hundred per cent gold reserves in the bank but that of bringing about an equipoise between the credit and the commodities to raise the internal price level so as to make it correspond with the internal cost level. The Reserve Bank should aim at the same and leave the gold movements to follow their course. This would be the most sound policy for the Reserve Bank and would remedy the internal economic distress.

⁴ W. L. P. Knight, Gold and the Future

Economic Planning for the Indian Agriculturist.

By D. T. Shah, B.Com.

India is mainly a country of agriculturists. The development of this class means the development of the whole country. A little increase in the purchasing power of the peasant will create an immense augmentation in the consuming capacity of the country. This will consequently mobilize trade and industry in the country and ultimately create employment for the millions of the unemployed who at present swarm the country. The Indian cultivator is ill fed, ill clothed and ill housed. The European takes his meals four times a day and that too his meals are nourishing and nutritious. The Indian farmer has not yet been able to solve the question of his two meals a day. He knows no vitamins and no variety in food. It won't be an exaggeration to say that the real tiller of the soil tills the soil to starve himself. Without proper food a man cannot be expected to work efficiently. Due to the neglect of ordinary repairs in the past and even at present this sort of conditions prevail in the country to the detriment of the Indian nationhood. The agriculturist is too poor and weak to move himself in the matter. It is therefore, the primary duty of the State and leaders of the public to take up seriously the question of the amelioration of the condition of the agriculturist.

To better the economic condition of the ryot we must first find out the difficulties that confront him. Firstly, our cultivator is not able to realize the produce which the soil will give if fully tapped. This means much of the productivity of the soil is wasted. Secondly, his occupation of farming does not employ him for the whole of his available time. This means much of the human energy and labour is wasted in the country. Under-employment and unemployment are the problems that need to be tackled immediately. Thirdly, he is not able to realize the full price of what little he produces. This means that he is not paid the full price of his labour. Lastly, the heavy and oppressive burden of debt never allows him to raise his head up. The rural indebtedness must be eliminated if national efficiency is to be maintained.

We will first deal with the question of the productivity of the soil. If we compare with

the civilized countries the yield of the crops raised from our soil, we should not but feel ashamed of the hopeless show that we make and of the wastage that is made by the starving millions who can least afford the same. If an acre of land can produce 200 lbs of lint cotton in U.S.A. and 400 lbs in Egypt, is it not a pity that the Indian acre should not yield more than 100 lbs? When European countries can raise 30 to 35 bushels of wheat per acre of land, the best irrigated soil in India produces at the most 16 bushels per acre. In brief, we can say that the state of our agriculture is hopeless. The farming by an individual farmer has failed as a business proposition in India. Its adherents are living in a state of bankruptcy. The industry of agriculture must therefore, be rationalized. It should be carried on a large scale and by up-to-date machinery and means. All the resources and available materials should be employed to improve and develop the agriculture of the country. Under the circumstances, I advocate collective farming. Co-operative societies should be established for the purpose. These societies should either hire or purchase land from the owners and carry on cultivation under one management by employing the members as wage earners who, if exceed the requirements of the society, should work in turn and follow other occupation in their spare time. The profits of these societies should be distributed in proportion to the labour contributed by members. This will eliminate the risk, as far as the individual cultivator is concerned who will then be assured at least of a fixed income of his wages. If co-operative societies like these are founded the benefits of large scale production expert advice, other rights and privileges of co-operation etc., will be enjoyed by the cultivators and the obstacles usually coming in the way of a small farmer will be exterminated automatically. The Government should encourage, subsidize and give certain concessions to these societies which may be called Agricultural Cultivation and Labour Societies. The Government of India are raising large amounts through the postal savings banks. If these amounts are to be really used in the service of the country,

these societies will be the best avenues of investments for them. Half a per cent higher rate of interest may be charged for the expenses and trouble of the Postal Department. With a view to encourage educated person to take up to agriculture special inducements and concessions should be granted. Agricultural colonies may be formed where only the educated should be promoted to further the ends of agriculture. The professors of colleges qualified in this line may be asked to tour and give expert advice to these societies without any charge. The philanthropic minds should not hesitate to succour by generous donations the industry of agriculture which is the mainstay of the Indian nation. The system of honorary members and patrons may be encouraged as far as these societies are concerned. Every one who is interested in the development of agriculture should consider it his duty to assist and aid the formation of Agricultural Cultivation and Labour Societies. It will take a long time to make the cultivator to change his old ways of production and adopt modern methods to make his business efficient and profitable but this entire new order of production with an entirely new management and direction will steer the ship of agriculture most efficiently without much difficulty.

Even the establishment of the Agricultural Cultivation and Labour Societies will not solve the problem of the under employment of the agriculturist because if there are more members in a society they will get work in turn. Here the need for subsidiary industries will arise. In Japan the average holding of a farmer comes to about three acres. The civilized existence for the Japanese peasant would have been impossible but for the rearing of silk worms which is a great subsidiary domestic industry in Japan. *The Indian peasant is short of employment.* He must have a second string to his bow to make his both ends meet otherwise he is sure to be a victim of the money lender and once in debt he will always remain in debt. The types of subsidiary industries that may be introduced must suit to the culture and habits of the followers. The Western industries like the poultry breeding may not find favour here. Simple and familiar industries like bidi making, ghee making, rope and basket making, dairying, cattle rearing, hand loom weaving etc. would not present many impediments in their introduction. I am not going here into the details of the

kinds of subsidiary industries but would say that proper guidance and necessary assistance should be given to these industries by the Government as well as by the accredited leaders of the country. The individual farmer has failed to plan his business. The co-operative societies should therefore, be started for this purpose. These societies should meet all the requirements of the industry—credit, sale, purchase etc. The Government should give subsidies and subventions to these societies and arrange for the free technical advice and training for each industry. Propaganda should also be made in the country to induce the populace to purchase particularly the goods prepared by the poor peasant.

The rationalization of agriculture is sure to throw out of employment some people. For the employment of the people I would suggest the establishment of industrial colonies. Government should start small factories in these colonies and hand over to the people when they become paying propositions. This will also provide employment for a large number of our educated unemployed youths.

Our cultivator is always constrained to sell his produce at a time when it is most undesirable to sell and at a price which cannot be said to be fair. He does not know grading, sorting and packing of his goods in the way which would bring him the best price.

His pecuniary condition is such that he has sometimes to mortgage the standing crops or sell them at any price to pay his land revenue dues. Under the present conditions a great chain of intermediaries enjoys at the expense of the poor farmer. To enable the cultivator to realize the full price of his produce he should be brought into the direct touch of the consumer and all the middlemen should as far as possible be evaded. For the attainment of this object purchasing and marketing societies should be established on the Italian lines and they should serve as general purposes societies and try to meet all kinds of needs of the members. These societies should arrange for harvesting, grading, sorting, packing, warehousing etc. and pay $\frac{3}{4}$ of the price of the goods in advance. They should open shops at home and abroad, give loans and undertake all sorts of operations that would assist the agriculturist. Government should also encourage these societies and give

certain monopoly rights and contracts of their departments whenever possible

The question of rural indebtedness is taxing the brains of many a person interested in the rural development. The Indian peasant is born in debt, lives in debt and dies in debt. If a large body of a country's population is oppressed with a heavy load of debt it is quite natural that it will not only become dissatisfied and disappointed with the load of debt and the agency to whom the debt is owing but will cherish ill feelings towards the agency to whom the severity of the debt is attributed. This is therefore a question of national importance and not a trifling matter to be settled between the debtor and the creditor only. In these days of depression owing to a heavy landslide in the prices of commodities, the income of the debtor decreases and he has to repay more purchasing power than what he received. The burden of debt, therefore, becomes more crushing. The national efficiency will be endangered if things are allowed to have their own course without any check or restraint. Uncontrolled money lending demoralizes both the debtor and the creditor and nails the borrower tightly down in the coffin of debt. Much of the debt will remain unpaid even though generations and generations may pass. It is therefore, necessary that the State should interfere and find out a happy and satisfactory solution. For the liquidation of this debt, the ancestral debt may be separated from the debt incurred by the farmer during his lifetime. The depression has created abnormal conditions and repayment of the debt is difficult. Protection orders should therefore be granted. Conciliatory boards may be appointed and the debts should be compounded the repayment being made easy by the establishment of land mortgage banks and by advances at low rates by the co-operative societies. In view of the abnormal times the co-operative societies should take steps to write off some of the debts from the reserve funds. No doubt the wilful defaulter must be strictly dealt with,

but, on the other hand, poverty should not be penalized. Rural insolvency courts should be established and a special Act should be passed for the purpose which should prevent undue exploitation and oppression of debtors and grant exemption from attachment incomes below a certain level. As for the ancestral debt, its payment should be deferred till the debt incurred during the life time is repaid. The rule *Damdupet* should be applied here and the repayment should not be pressed on the debtor when his income falls below the subsistence level which may be fixed by law. The Government and Railway servants are given protection by making their incomes non-attachable below a certain level. There is no reason why these poor and ignorant people should not enjoy the same privilege. If the debtor has inherited property which would yield income more than his subsistence, the debt may be struck off against it or a certain portion of its income may be applied to it. Opportunities should also be given to compound these debts and facilities like those given to merchants and traders by the insolvency courts may also be accorded to the small farmers through rural insolvency courts. For the future, money lending should be made a business which can be carried on by a licence from the Government. Regulations for money lenders' accounts and practices should be made. The rate of interest should be fixed. Relief from arrest and imprisonment may be granted to the honest debtors. To say briefly, the cultivator's legal position may be strengthened.

We may conclude, as the Royal Commission on Agriculture says 'If the inertia of centuries is to be overcome, it is essential that all the resources at the disposal of the State should be brought to bear on the problem of rural uplift. What is required is an organized and sustained effort by all those departments whose activities touch the lives and the surroundings of the rural population.'

A man's conduct is the picture book of his creed

* * * * *

A merry heart kills more microbes than any medicine

There's one born every minute—the trouble is that most of them live

* * * * *

Most men have been tried and found wanting— all wanting the same thing

Indian Oil-Seeds—III.

By F. J. F. Shaw, D.Sc. (Lond), A R.C.S., F.L.S.,
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SESAMUM (*Sesamum Indicum* D C)

The crop is widely distributed and cultivated all over the country. The approximate average annual area under this crop is 5½ million acres. Burma grows about 31.6 per cent of the total area, Madras 22.2 per cent, Central Provinces 16.2 per cent and the rest is contributed by Bombay, United Provinces, Bihar and Orissa etc. The output per acre ranges from 225 lbs. to 500 lbs. The production of sesamum in 1932-33 was estimated at 551,000 tons as compared with 476,000 in 1931-32. Concurrently with this increase in the yield of the crop there was also an expansion in the export trade, which in volume amounted to 15,000 tons as compared with 10,000 tons in the preceding year due in a great part to an increase in Italian purchase from 4,600 tons to 8,500 tons.

The oil percentage varies from about 40-50 per cent. In sesamum there are forms with a rough surface and torus, with a smooth surface of the seed. The rough seeded types generally give a lower percentage of oil than the smooth seeded ones. The determination of oil contents in some of the Indian types of sesamum isolated at Pusa are given below—

Type No	Size	Colour	Seed surface	Oil percentage
3	Small	White	Smooth	48.33
4				49.10
6				49.14
10	Medium	Dirty white	Smooth	49.09
13				47.39
22				49.00
23				49.25
21		Grey	Smooth	46.91
29				47.11
16		Dark brown	Rough	51.60
27		Black		41.52
18		Dark brown		37.88

It will be seen that the oil content ranges from 37.51 per cent.

The improvement of this crop by the isolation of unit types was first carried out at Pusa and is now being continued at Lyallpur. At Pusa thirty types were isolated of which types 3 and 7, which are white seeded and early and types 28 and 29 which are black seeded and late have proved very promising. An advantage of types 3 and 7 is that they mature within three months

after sowing and thus the crop which is grown in the rains in Bihar can be followed by another crop during the ensuing cold weather season.

However the white seeded types evolved at Pusa are low in yield being early, erect and sparsely branched while the black seeded types are late maturing, branch profusely, and give a high output. Attempts are being made to hybridize a good white seeded type (T 3) with a black seeded type (T 29) with a view to combining high yield with white seed.

A biological study to elucidate the relationship between soil and climate and particular types is also in progress. In Madras the oil seeds specialist is engaged on the study of the suitability of the different varieties to different seasons and among 54 varieties two—Sattur and Annapalle—were found to be the most promising among the short duration irrigated gingelies. Some of the medium duration varieties from Malabar were also promising. Hybridization and selection are in progress.

CASTOR

For a very long time India has been the principal source of supply of both castor

seed and oil. In recent years the castor plant and its products have been the subject of interest throughout the world. The uses to which the oil is put are increasing. The chief customers for Indian castor seed are the United Kingdom, U.S.A., France and Italy, and the fact that about 80-90 per cent of the imports are into the United Kingdom and U.S.A. shows India's strong position in the market of these countries. On the average of the last three years the area under

castor in India is about 1500000 acres. The most important Provinces and States for the cultivation of this crop are Hyderabad, Madras and Mysore. The output per acre ranges from 500 lbs. to 1000 lbs., and the oil content is about 46-50 per cent. The small-seeded varieties are said to yield a higher percentage of oil and are the chief source of the medicinal oil.

The production of castor seed showed a small increase from 146000 tons in 1931-32 to 151000 tons in 1932-33. The exports, however, experienced a small reduction from 86000 tons in 1932-33 to 82000 tons in 1933-34. This recession in the export trade is probably due to the fact that during 1933-34 Indian castor seed was slightly out of parity with the Brazilian product. Shipment of Indian castor seed to France declined from 17000 tons to 13000 tons while purchases by the United States of America dropped from 28000 tons to 23000 tons. Belgium, which had taken 4000 tons in 1932-33, practically withdrew from the market having cut down her demand to 300 tons only. The off-take of the United Kingdom, however, increased to 27000 tons from 23000 tons in 1932-33. Research work having for its object the improvement of the crop in yield and oil content is proceeding in Hyderabad, Madras and Bombay. The results suggest that it is possible to isolate types possessing high yield and high oil content and that improvement is also possible by selection for draught and waterlogging resistance.

COCOANUT

Cocoa nut inquiry.—The discussions on the Ottawa Trade Agreement brought into prominence certain important factors regarding coconut industry in South India. Indian oil crushers had maintained for some years past that the supply of copra (dry coconut kernel) which is the raw material for coconut oil was insufficient and had asked the Government of India to reduce the duty on copra from Ceylon. The trade figures also seemed to indicate fairly clearly that there was a shortage in the supply of cocoanuts and coconut products. On the other hand, there were complaints from coconut farmers that the prices of coconut products in South India were unduly low. It appeared that during the past ten years coconut production in South India had not expanded with any great rapidity and it was of moment to obtain a correct statement of the position. A special inquiry was made in order that the

real facts of the position in South India might be obtained.

The experimental work on coconut at Kasargod, Nileswar and Pilicode has included a study of the several factors affecting the yield in that crop. A study of the nuts revealed that those harvested in hot weather were bigger in size than those harvested in other season and that the yield depends on the combined effects of the rains of two north-east monsoon periods and one hot weather. A study of the morphological characters and the yield in coconuts has revealed a correlation between the number of leaves and yield. Hybridization between tall and dwarf types and within selected palms has been attempted.

The demand for coconut products of all kinds in India has increased. Apart from the increase in population this is mainly due to the increased demand from Indian industries—particularly soap and vegetable ghee products.

The capacity of the oil mills on the West Coast is sufficient to supply the whole of the present Indian requirements of coconut oil. Many of these mills, however, are comparatively inefficient when compared to the mills in Ceylon. There is at present an undoubted shortage of copra for crushing in South India. The inquiry has fully established the fact that the millers on the West Coast are working at half of their capacity taken as a whole and this is due to their inability to dispose of both oil and cake at competitive rates.

The markets for the West Coast oil are Calcutta, Bombay, Rangoon and Karachi in addition to the local South Indian markets. In the markets outside South India the West Coast miller is unable to dispose of the oil at competitive rates either with the imported Ceylon oil or with the oil produced in the modern installations at Bombay and Karachi, even though Bombay and Karachi millers crush largely imported copra after paying a duty of 20 per cent. This is due to the unfavourable coastal freights as against freights from Ceylon.

For complete tariff equality, the actual amount of duty on imported copra should be 60 per cent of the actual duty on coconut oil, i.e. the actual import duty on oil should be 166 per cent of the actual import duty of copra. In the calendar year 1933 the difference between the import duty on a ton of copra and its equivalent of oil (12

AREA AND YIELD OF SESAMUM (TIL OR JINJILI) IN EACH PROVINCE

Provinces and States	Average 1925 26 to 1929 30		1930 31		1931 32		1932 33	
	Area (acres)	Yield (tons)	Area (acres)	Yield (tons)	Area (acres)	Yield (tons)	Area (acres)	Yield (tons)
<i>British Provinces</i>								
Ajmer Merwara	20 000	700	15 000	200	20 000	1 000	21 000	Below 500
Bengal	154 400	25 200	153 000	26 000	161 000	26 000	161 000	36 000
Bihar and Orissa (a)	199 400	24 000	189 000	29 000	209 000	30 000	200 000	29 000
Bombay, including Sind	248 600	24 200	209 000	23 000	213 000	25 000	230 000	27 000
Burma	1 120 600	42 000	1 322 000	75 000	1 262 000	39 000	1 534 000	64 000
Central Provinces and Berar	515 400	42 400	577 000	49 000	51 400	38 000	604 000	47 000
Madras	768 600	99 600	746 000	98 000	747 000	97 000	838 000	112 000
Punjab	115 800	9 800	126 000	11 000	159 000	14 000	135 000	11 000
United Provinces	273 600	25 000	257 000	26 000	272 000	27 000	382 000	41 000
(a)	781 200	73 000	847 000	86 000	843 000	86 000	839 000	91 000
TOTAL BRITISH PROVINCES	3 416 600	299 800	3 594 000	337 000	3 748 000	288 000	4 103 000	367 000
(a)	781 200	73 000	847 000	86 000	843 000	86 000	839 000	91 000
TOTAL INDIAN STATES	1 056 400	92 800	1 177 000	103 000	1 090 000	90 000	1 063 000	89 000
GRAND TOTAL	5 244 200	465 600	5 618 000	526 000	5 491 000	464 000	6 025 000	547 000

(a) These figures represent mixed crops

cwt) was Rs 6 80 but in 1934 this difference is reduced to Rs 1 80, even though the *ad valorem* rates have not been altered. This has brought about a greater fall in the price of imported copra. Even the difference of Rs 6 80 was not a sufficient margin to enable the miller on the West Coast to import large quantities of copra and to ship oil to Calcutta, Rangoon and other Indian ports as the coastal freights from the West Coast to the major Indian ports are higher than the freight on oil from Ceylon to the same ports. To enable an oil crusher to import copra and to ship oil at competitive rates with Ceylon the freight on a ton of copra from Colombo to the West Coast should be no more than

the freight on 12 cwt of oil from Ceylon to any of the major Indian ports. And in addition to this the miller would need a margin of Rs 2 80 per ton of copra to meet the handling charges. This amount has to be provided by correspondingly reducing the import duty on copra.

Peculiarly enough the prevailing price on the West Coast is often below the import parity price and sometimes equals it but practically never rises above it. One would expect the prices of Indian copra to remain slightly above the price in Ceylon plus import duty as Indian copra contains about 2½ per cent of oil more than the Ceylon copra but the prices of Indian copra at Cochin were either at or below the Ceylon

price *plus* freight *plus* duty

Thus, the situation in brief is that the oil miller on the West Coast cannot depend on the Bombay and Karachi markets for the disposal of all of his oil and cake and the freights to Calcutta and Rangoon are unfavourable for the sales of oil in these markets. The situation should ultimately adjust itself so that the prices of copra on the West Coast are the Ceylon prices *plus* duty, or even slightly lower. Consequently, it should become attractive to purchase copra from the West Coast markets and it becomes worthwhile for the West Coast oil millers to crush copra with a view to ship oil to Calcutta and Rangoon. This tendency would probably be exhibited if the crops on the West Coast were heavy.

The determining factor in the price of coconut oil and copra at the producing centres is the world price of coconut oil *plus* the Indian import duty *minus* freight and incidental. Ceylon sells her coconut oil at world prices which are greatly affected by the prices of other vegetable oils which compete directly or indirectly. For many

industries other fatty oils are available as substitutes, and if the coconut oil became disproportionately dear, there would certainly be a contraction in its consumption. For example, the production of groundnut oil in India is increasing very rapidly and the prices of groundnut oil in India are already regulated by world prices, and it might prove a serious competitor of coconut oil if the prices of the latter were unduly raised. There is no evidence to show that the fall in the prices of coconut oil and copra is due to the increased imports of foreign oil and copra into India. The fall in the prices of Indian coconut oil and copra is but a feature of the present economic depression.

The oil varies in colour from pale yellow to dark amber. The white seeded varieties yield better and cleaner oil than the black seeded ones. The oil has no smell and is not liable to go rancid.

In India it (oil) is largely used for culinary purposes in soap manufacture in the manufacture of Indian perfumes, and as an adulterant of ghee (clarified butter).

The Indian Official Contracts.

The India Store Department of the Office of the High Commissioner for India not only gives substantial contracts for the requirements of the Governments, central and provincial, in India, but does a large amount of inspection of stores ordered in India under the rupee tender system. The annual report of the Director General, Lieutenant Colonel Sir Stanley Paddon, for the year 1934-35 (2s 3d) shows that the work of the department is increasing. In 1934-35, the number of contracts for stores and freight entered into was 8,479, compared with 8,122 in the previous year; the tonnage shipped rose from 14,450 to 16,182, and the expenditure on stores and freight was close on £1,100,000, compared with little over £900,000 in the previous year. The total value of order placed direct in Great Britain by the Department was £451,439, and in other countries £49,578. Orders placed through Departments of H.M.'s Government, mainly for warlike stores, are necessarily allotted to British firms, and their approximate value was £592,342, against £602,717 in 1933-34. The grand total of contracts placed with British firms is thus

£1,043,481, or 95.464 per cent. of the whole Indian demands for railway locomotives and boilers, wheels and axles and copper ingot, for which foreign competition is most effective, have continued to be small.

The development of the rupee tender system has transferred to India the placing of the majority of contracts, and the Department has been entrusted with important and extensive duties in connection with the ~~novation of simultaneous tenders~~ frequently also the examination of and reporting on the same, and the inspection of stores ordered in India. No fewer than 1,636 requests for inspection of stores ordered in India were received, or 50 per cent. more than in 1932-33 and on the authorized basis of 1 per cent. on the contract value, the Department recovered the sum of £6,606.

The most important contracts placed by the Department in sterling during the year were for paper for currency notes, value £50,000; two small suction dredgers, value £16,000; and transmitting apparatus for the new broadcasting station at Delhi, value £16,500.

Working Class Family Budgets in Bombay City.

By "BPO"

The second enquiry into the family budgets of the working classes in Bombay City was conducted by the Labour Office between May 1932 and June 1933. One of the objects of this enquiry was to obtain a reliable basis for the revision of the Bombay working class cost of living index number which is published regularly every month in the *Labour Gazette*. A report based on the results of the enquiry has now been published.*

The enquiry was conducted by the Lady Investigators of the Labour Office who filled in the schedules specially drawn up for the purpose by visiting the predominantly working class localities, namely the E. F. and G. Wards of Bombay City. A sample of three in a hundred tenements in the selected localities was taken. In all 1,514 family budgets were collected out of which 1,469 were accepted for final tabulation. Of the total number of budgets accepted 947 or 64.47 per cent related to workers employed in the cotton mill industry.

An analysis of the budgets by religion and caste reveals that over 90 per cent of the workers are Hindus and about 5 per cent Muhammadans. Among the Hindus Marathas form the largest proportion of industrial workers. Next in importance are the backward (depressed) classes such as the Mithars, Chamars, Mochis, etc. who account for a little over 20 per cent. Over 60 per cent of the industrial force in Bombay hails from the Konkan. The Ratnagiri District in the Konkan supplies Bombay with half its industrial labour. The next region in importance is the Deccan which accounts for 29 per cent.

CONSTITUTION OF THE FAMILY

A matter of both sociological and economic interest is the constitution of the family in view of the prevalence of the joint family system especially among the Hindus. With a view to ascertaining therefore to what extent the bread winner of the family is called upon to support not only his wife and minor children but other relatives the families were analysed into two classes, namely, natural families and joint households. The classification shows that the joint family system is by no means universal among the

working classes of Bombay City, only slightly over one third of the families being joint households.

COMPOSITION OF THE FAMILY

The average number of persons residing with the family in the City comes to 3.70 (consisting of 1.33 men, 1.26 women and 1.11 children under 14). In addition 0.65 persons are dependent upon the family although they live away from the family.

WORKERS AND DEPENDANTS

Out of the 3,70 persons in the family, 1,53 are earners and 2,17 dependants. Of the 1,53 earners, 1,19 are men and 0.34 are women. The employment of children, especially in factories, has practically disappeared in Bombay City. Of the total number of families considered, 826 or 56.23 per cent contained one wage earner, 538 or 36.62 per cent two wage earners, 79 or 5.38 per cent three wage earners, 21 or 1.43 per cent four wage earners and 5 or 0.34 per cent five wage earners. Of the 1,754 male earners selected by the enquiry, the bulk of them (71.15 per cent) were in the age groups 25 to 45. In the case of female wage earners the age distribution is more even, falling within the groups 15 to 40. In 71.43 per cent of the natural families the only earner is the head of the family. In 23.73 per cent of the cases both the head of the family and his wife work. In the remaining cases the earners are either sons or daughters while very rarely the man has more than one wife whom he sends to work. While however, in the case of natural families in the majority of cases the head is the only earner in joint families the story is somewhat different. In only 31 per cent of the cases is the head of the family the only earner. In nearly 28 per cent of the cases the head of the family and another adult male, usually his brother, are earners. In a considerable proportion of cases or about 16 per cent, the two workers are the head of the family and an adult female. In 9 per cent of the cases both the head of the family and the wife go to work. In the remaining cases two or more male or females are also earners.

INCOME OF THE FAMILY

Over 62 per cent of the families fall within the income groups Rs. 30 to Rs. 60. The

* Superintendent Government Printers and Stationery, Bombay, at Rs. 0.30 per copy.

average monthly income of the family comes to slightly over Rs 50. An analysis of the monthly income shows that of the income of Rs 50 17, Rs 39 13 6 is the contribution of men, Rs 4 13 7 the contribution of women, Rs 0 0 2 of children and Rs 5 6 4 come from other sources. Of the additional income over 90 per cent is from boarders and lodgers.

EXPENDITURE OF THE FAMILY

The average monthly expenditure of the family is Rs 45 15 9. Except in the income groups below Rs 30 and Rs 30 to Rs 40, the income is in excess of the expenditure, and in the income group Rs 90 and over the surplus left at the end of the month is about 22 5 per cent of the monthly income. It is important to remember that this was the position at the time of the enquiry and the wage-cuts which have taken place since then, especially in the cotton mill industry, may have tended either to affect the monthly surplus or lower the standard of living. The following table shows the actual and percentage distribution of expenditure on the various groups of commodities and services which comprise a family budget —

Groups	Average monthly expenditure	Percentage to total
Food	Rs 21 6 10	46 60
Fuel and lighting	3 4 4	7 11
Clothing footwear etc	3 9 0	7 75
Bedding and household necessities	0 1 0	0 13
House rent	5 14 3	12 81
Miscellaneous	11 12 4	25 60
Total	45 15 9	100 00

The average monthly income of the family of a cotton mill worker is slightly higher than the average monthly income of all workers, being Rs 52 8 11. The average monthly expenditure of a cotton mill worker's family is also slightly higher than that of all workers, being Rs 47 4 11.

HOUSING

Of the 1,469 families whose budgets were collected 1,085 or nearly 74 per cent were found to be living in one room tenements

and 373 or 25 per cent in two room tenements. Of those living in one room tenements, in no fewer than 145 cases the tenement was shared between two families. More than half of the tenements belong to private landlords. Over 50 per cent of the families are required to pay a rent of between Rs 5 and Rs 8 per month. Taking all incomes, the percentage expenditure on house rent per month comes to 12 81 of the total expenditure. In the lowest income group, about 17 per cent of the expenditure is incurred on house rent, while in the highest income group, this percentage is 10 16. The average floor space per person comes to 31 26 square feet. In 995 or 74 48 per cent of cases, the average floor space available per person is 29 34 square feet and in 331 or 24 77 per cent of cases it is 35 82 square feet only.

INDEBTEDNESS

74 74 per cent of the total number of families are indebted, the average indebtedness per indebted family being about Rs. 175 and the average for all families being about Rs 130. Considered in relation to the monthly income, the average family owes 2 6 times its monthly income and the indebted family $3\frac{1}{2}$ times as much. In nearly 27 per cent of the cases the main cause of the indebtedness of the family was unemployment. This high percentage was no doubt due to the fact that during the period covered by the enquiry there was considerable dislocation of trade and industry owing to communal riots, trade depression and industrial unrest. Of the average debt of Rs 130 per month, about Rs 25 were borrowed because the individual was unemployed. In nearly 23 per cent of the cases indebtedness was attributed to expenditure incurred on marriages. The average indebtedness on this account comes to about Rs 48. In 12 per cent of the cases the family incurred a debt to meet expenditure during sickness and for this cause it was indebted to the extent of nearly Rs 13. The total indebtedness of the families (1,469) considered was nearly two lakhs of rupees. The rate of interest charged varied from 18 3/4 per cent to 150 per cent, the most common rate reported being 75 per cent per annum. The security furnished for loans was personal security in the majority of cases.

World Trade.

Warning Against Trade Barriers.

Paris June 28 1935.—M. Georges Theunis, former Premier of Belgium, stressed the danger of increasing trade barriers at yesterday's meeting of the International Chamber of Commerce World Congress in Paris. A solemn warning had been issued by all the nations represented at the World Economic Conference at Geneva in 1927 that disaster would overtake us if trade barriers were increased to day it had become a question of life and death.

From 5 to 7 p.m. the President of the French Republic, M. Albert Lebrun, received the delegates of the Congress at the Elysee. The British Ambassador, Sir George Clerk, received the British delegates at the Embassy.

Last evening there was a soiree and ball given in honour of the Congress delegates by the Paris Chamber of Commerce at the Chamber of Commerce building in the Avenue Friedland. The President of the French Republic was present.

STABILIZATION THE CHIEF NEED

The fourth day of the Congress began with a meeting yesterday morning at which the revival of the international movement of goods and capital and the role of debtor and creditor countries in this connection were discussed.

In opening the meeting M. Georges Theunis, ex-Premier of Belgium, pointed out that as far back as 1927 when he was presiding over the World Economic Conference at Geneva a solemn warning was issued by all the nations represented that disaster would overtake us if trade barriers were allowed to continue to increase. To day it was not any longer a mere matter of urgency but a question of life and death.

A revival of international trade was predicted by Professor Bertie Ohlin on three conditions:—

(1) that Great Britain agrees to keep sterling fluctuations within narrow limits.

(2) that countries with overvalued currencies restore their competitive power through a suitable devaluation and thereafter eliminate quota systems and bilateral equalization of trade balances.

(3) that all countries with large reserves of gold and foreign exchange pursue a policy of expansion and easy money.

ECONOMIC GROWTH

These were among the salient points in Professor Ohlin's speech on 'The Crisis in International Trade and Commercial Policy'. He also strongly supported the American policy of reviving the most favoured nation clause through its application to all forms of import restrictions.

Professor Ohlin began by pointing out that the economic growth of the last hundred years would have been impossible without the international movement of goods, men and capital.

Rationalization had not lessened the advantages of international trade. The industrialization of young countries will not reduce the need of international exchange or make them worse customers from the point of view of older manufacturing nations.

The policy of import restrictions in recent years is partly due to the same causes as in the 1920's but chiefly to the depression and the disorganization of the world's currency system. The effect of the restrictions is that the volume of international trade in manufactured goods has fallen to 64 per cent of the 1929 figure.

Contrary to a common belief the value of the exports from the gold par countries has not been more reduced than the value of exports from countries with depreciated currencies. Why then are the export industries in the former in a worse plight? Because their costs are too high whereas costs in the countries with depreciated currencies have been reduced in terms of gold and permit profitable production.

STABILIZATION

Perhaps even more important for the general economic position is the fact that in the latter a policy of expansion and easy money has been substituted for a policy of deflation. The most important condition for a revival in international trade is a provisional stabilization of the currencies i.e. a limitation of the fluctuations in the exchange rates.

Furthermore the relation of the costs levels—in terms of gold—of the leading countries must be made more normal. When this first step has been taken—and thereby the tendency to general economic

revival has been reaffirmed—it is time for the countries with strong international liquidity to reduce the special restrictions for import.

In that way the balance of payments of the weaker nations would be strengthened and very soon they also would be in a position to permit importation more freely.

Mr Karl Luer, Professor at the Frankfurt University (Germany) said that the war and its consequences had disorganized the economic relations between international movements of goods and of capital. The old economic theory which believed that movements of capital were automatically followed by movements of goods was no longer true.

INTERNATIONAL DEBT

While international indebtedness had risen between 1913 and 1933 from 150 milliard marks to 200 milliard marks, the value of world trade had in the same period dropped from 1602 milliard marks to 75 milliard marks.

Germany had suffered particularly from this disproportionate development because a number of special factors contributing to the difficulty of the situation existed in her case (e.g. reparations very heavy short term and long term foreign and internal indebtedness and obstacles to export owing to the protectionisms of all countries).

The speaker considered that all debts arising out of the war should be got out of the way as rapidly as possible and that further certain principles should be observed by all nations in order to prevent catastrophes similar to those we had experienced in recent years from occurring again.

AN ILLUSION

Mr Etienne Fougere (France) said that the policy of rigid reciprocity which had been called bilateralism was only a desperate attempt to ensure equilibrium in the balance of payments, an equilibrium which in the past resulted from the normal interplay of the movements of goods and of capital. But bilateralism had not achieved its object.

It was an illusion to imagine that the balance of payments could be brought into equilibrium by manipulating a series of bilateral balances of trade. The items entering into the balance of trade were only part of the full trading account of a nation and adding up a series of bilateral balances of trade made absolutely no difference to this fact.

BILATERALISM

Bilateralism had created new dangers which constituted a serious menace for the future of international trade if nothing was done to combat it.

Mr E. R. von Steerwitz, former Chancellor of Austria and Chairman of the Austrian National Committee of the International Chamber of Commerce said that continued monetary uncertainty was threatening the tendencies towards business revival which had developed recently. Bilateralism was making international trade more difficult instead of helping it. Strict reciprocity was impossible in international trade as it would be if applied to the private life of individual citizens.

Nobody asked the tailor to limit the amount of his purchases from the baker to the amount of money which the baker spent at the tailor's shop. Commercial policy was powerless to deal with this evil as long as currency manipulations continued. Attempts to deal with economic disorder by arbitrary actions in the currency field were on a par with the proceedings of a business man who changed his measuring rod and his weights or a doctor who tried to cure fever in a patient by changing the scale markings of the thermometer. All these misguided attempts provoked tendencies to economic isolation.

Mr Thomas J. Watson, Chairman of the American Section of the International Chamber of Commerce and President of the International Business Machines Corporation, stated that the problems of revival of world trade can all be settled just as soon as more of our thinking is placed on a broader basis than national—it must be international and our conclusions must be as fair to one country as to another.

Any other kind of settlement would only bring about temporary benefits. We must not only strengthen our commercial and financial ties with other countries but we want to be fair and helpful so that we may all work back together to a prosperous and healthy condition as soon as possible.

Business and political leaders are much closer to day to a general realization that trade barriers must be subjected to a fair and reasonable adjustment. By making it possible for other countries to sell the commodities and products they are best able to produce, we make it possible for them to

buy the commodities and products we ourselves are best able to produce.

The policy of tariff barriers, embargoes and quotas had not permanently stimulated either domestic or export business. It hampered both. Everybody would benefit from any improvement in the world's living standards which would create new consumption demand.

Stabilization of international currencies was equally as important as the reduction of trade barriers. We should, however, take enough time to study thoroughly this important question from the standpoint of fairness to all nations and permanent stability. We cannot afford to take any chances by hasty action.

He was convinced that in the future we were going to hear less talk about individual countries standing alone and more talk about the interdependence of all civilized nations. He believed this was going to be so because there must be more co-operation between the nations in the common interest of all. Increased international co-operation would result in a sounder material life, a better standard of living and a higher cultural and spiritual existence for the world as a whole.

Signor Gino Olivetti (Italy) dealt with the new aspects of commercial policy in recent years. A fundamental process of adjustment was going on throughout the world. New industries in new countries had sprung up which were threatening industries in older countries. Adaptation must be made but the adaptation must be slow and not brutal. Hence it was sometimes necessary for Governments to intervene with protective measures.

Bilateralism appeared to be an evil but it seemed to him a necessary evil under present circumstances. Similarly, State intervention was condemned as leading to planned economy but it should only be condemned if it led to badly planned economy.

THE ONLY HOPE

Mr. Leslie Runciman (Great Britain) after pointing out that the bilateral clearing agreements were at best a method of collect-

ing debts, advocated *bilateral trade treaties combined with the most favoured nation clause* as the only practical means of bringing about freer trade and increasing international trade. Such bilateral trade treaties based not on some exact arithmetical balancing of trade but on a general and fair reciprocity tried to promote trade where it could be promoted and not to the exclusion of anyone else.

That was after all what the aim of the most favoured nation clause was when fairly applied. And the most favoured nation clause was whatever might be said about it the only hope of freer trade in the world to-day. They were treaties for obtaining a minimum of secure trade as a starting point from which to extend.

Unlike quotas which fixed a maximum level for trade, bilateral treaties such as he had described fixed what he might call an inverted quota, i.e. a minimum from which to expand. If you get a series of areas covered by such bilateral treaties you would have areas in which economic nationalism had been diminished and you would have a practical concrete basis for diminishing trade barriers. Their reduction it must not precede must at any rate accompany any attempt at monetary stabilization.

A number of branch luncheons took place in different restaurants and hotels of Paris after the morning meeting. At these luncheons delegates from various countries interested in the same branch of business had an opportunity of coming together. The luncheons covered the following interests:—Commercial aviation, banking, chemical industry, engineering, wool. A Stock Exchange luncheon takes place to-morrow.

Sir Clive Morrison Bell's celebrated map showing the various countries of Europe separated from one another by walls representing the relative heights of the various Customs Tariffs in force is on exhibition in the hall of the building where the International Chamber Congress is taking place and where between meetings it has attracted the interested attention of many of the delegates.

Mary had a little lamb, her father shot it dead but still she takes it off to school between two chunks of bread.

The butterfly has wings of gold, the firefly wings of flame, the little flea no wings at all—but it gets there just the same.

Canadian Trade and Finance.

Recovery in Canada and the United States

Montreal Sept 27 1935—Explain the greater resilience if you will by the statement that Canada is a young and vigorous country coming into rugged stature but nevertheless almost all comparable indices show that Canada has made more progress toward recovery than has the United States. According to the index of physical volume of production total production in Canada in the first six months of 1935 was slightly above parity with the level of the first six months of 1926 while the United States has attained only 80 per cent of such parity. Where the volume of electrical energy generated in Canada in the first six months of 1935 amounted to 11 380 million k w h the amount generated in the first six months of 1926 amounted to 5 609 million k w h. The comparable figures for the United States are 47 564 million and 35 547 million k w h. In both countries the volume of production in this key industry has made remarkable progress during the period but on a proportionate basis Canada has shown far greater improvement. Canadian exports in the first half of 1926 were 26 per cent as large as those of the United States and they were 29 per cent as large as those of the United States in the first half of 1935. In both countries there has been a heavy decline in volume and value of exports and imports but the decline has been heavier in the United States. Let us examine in detail the relative volume of activity in the individual industries in the two countries so that we may understand why such broad indices as physical volume of production electrical energy generated and foreign trade make a showing so much more favourable for Canada than for the United States.

MINING

Progress in the development of Canadian mines represents no small factor in Canadian recovery and the decline in mining activity particularly in the production of coal is an important element in the continued depression in the United States. In Canada copper and nickel exports were triple and double those of 1926. In the United States there is no nickel production and no comparative figures of copper production are available but it is known that copper pro-

duction was substantially less than 50 per cent of that in the first half of 1926.

In Canada lead and zinc production well ahead of that in the base year in fact zinc exports were about two and one half times as large as in 1926 and in the United States lead and zinc production were still 50 per cent and 35 per cent respectively below those of the base year. In both countries the interval mentioned has witnessed a major increase in gold production and in the first half of 1935 gold production in Canada was 80 per cent ahead of that in the base year, while in the United States the increase was only 33 per cent. The two countries produced practically the same amount of gold in the first half of 1935. Where the United States silver production had fallen from 31 million ounces to 17 million ounces that in Canada fell from 9 million to 6 million ounces in the same period. In the coal industry, the United States has a serious problem which has no parallel in Canada. Between 1926 and 1935 coal production and consumption declined by almost one-third in the United States. In Canada the coal production of 1935 was nearly 90 per cent of that in the corresponding months of the earlier year. Whereas in precious metal production the statistics of the two countries are of the same general order of magnitude Canadian coal production in 1935 was only three per cent of that in the United States. Canada has largely escaped the problem of relatively permanent unemployment in coal mining confronted by both Great Britain and the United States as a result of the substitution of electrical energy and oil for coal.

AGRICULTURE

With overproduction in agricultural products a leading feature of the depression a comparison of the volume of agricultural production in the two countries might fail to give a correct view as to the comparative position of the farmer. In Canada gross farm revenue for the year 1934 was estimated as about 55 per cent of that of 1926 and for the United States gross farm revenue was estimated as 65 per cent of 1926. Although the Canadian Government has guaranteed a minimum of 87½ cents as a base price for

wheat it cannot be said that there is any thing to correspond to the A A A in Canada. The price guaranteed by the government for wheat is not decidedly out of line with world prices. In fact, the present price on the Winnipeg Exchange is well above that minimum. In the United States the A A A is confronted with the necessity for the limitation of the acreage of all major crops and the price structure for agriculture is dependent upon government intervention. The farmers of the United States have been heavily subsidized at the cost of other people in the country, and even with unexpectedly large and sudden recovery in world buying power these farmers would continue to be dependent upon the government. This is not to suggest that this aid will continue if and when world prices rise to a point where free exports are possible, but this stage seems somewhat remote. In general, then, farm prices in Canada are in a reasonably healthy relationship to world prices. With each minor improvement in world buying power there will be a fresh stimulus to the renewed expansion of Canadian agriculture. Although the figures quoted seem to give the United States farmer the better break for the moment in point of fact farmers' costs as indicated by cost of living figures have been reduced by about one third in Canada and by only 16 per cent in the United States. Cost of living may be only approximately indicative of farmers' costs but it is sufficiently accurate so that it may be stated that the apparent advantage to the farmer in the United States has been more than offset in Canada by reduced prices for those things which the farmer purchases. Moreover with the scales already turned in favour of the Canadian farmer, it is a distinct advantage to have the prices of their products responsive to such fundamental economic factors as improvement in world purchasing power rather than being dependent on the policies or whims of government.

LUMBERING

Canadian lumber exports in 1935 were nearly 60 per cent as large as in the base year; those of the United States were only half as large. There are no comparative statistics available showing production for the two countries and lumber export figures are not significant for the United States. In this letter, several references have been made to the rapid recovery of the Canadian lumbering industry in 1932 and 1933. The

lumbering industry has been in a heavy slump throughout most of the post War period. In Eastern Canada for instance, there were stocks on hand which had been in the yards for years. With the sudden demand for lumber in Great Britain these stocks quickly disappeared and the lumber industries of both Eastern and Western Canada made new records in overseas shipments. Of course, the Canadian industry has felt the adverse effects of being cut off from the United States markets by prohibitive tariffs. In the last few months labour troubles in Washington and Oregon have reduced supplies from that area to the point where substantial imports from Canada have become profitable. These unexpected sales have offset the recent lull in demand from Great Britain. It may be a matter of some interest to the lumber industry that recent reports from the banks of Great Britain indicate that the building boom is continuing in full force so that the lull in lumber purchases seems to be a matter of a temporarily overstocked market. With private building remaining at lowest depression levels in the United States there has been no corresponding development favourable to United States lumbering. The industry has benefited substantially however by the absence of competition from Canada. Fortunately labour troubles have not been an important element either in lumbering or in other Canadian industries.

MANUFACTURING

In both Canada and the United States the rapid expansion in demand for automobiles has been an important feature of the recovery in the manufacturing industries. With this has come a large demand for gasoline and tires. In both countries the demand for rubber is well above the levels of 1926 and in Canada petroleum imports in 1935 were double those of 1926. In the United States the increase in consumption was 22 per cent.

Both the Canadian miller and the United States miller have lost ground in foreign markets as the result of world tariffs and an artificially high domestic price for wheat. It is obvious that except for subsidized exports the United States is no longer a factor in the world flour market. Actual exports however amounted to one and one half million barrel in 1935 as compared with four million barrels in the first half of 1926. Canadian unsubsidized flour exports were

2 243 000 barrels in 1935 compared with 5,298 000 in 1926. Naturally, the home market is relatively more important to the United States miller and total flour production in 1935 was almost equivalent to that of 1926 while Canadian flour production had declined by almost one third.

Canadian imports of raw cotton in 1935 were about 28 per cent below those of 1926, and consumption in the United States had declined by only about 17 per cent. In both countries there has been a remarkable development in the production of artificial silk since the depression. Relative to Canada's total manufactured output this development is of much greater importance to Canada than to the United States. Accurate current statistics on this production are not available. United States wool consumption figures for the first half of 1935 show a remarkable increase as compared with the figures for 1926.

Most of the individual manufacturing industries make a more favourable showing in Canada than in the United States. In both countries there has been a major increase in cigarette consumption. Where Canada produced 431 thousand tons of steel ingots in the first half of 1926 the production in 1935 was 388 thousand tons a reduction of 10 per cent. In the United States steel production was down by one third. United States newsprint production has been reduced by 45 per cent and Canadian production increased by a like percentage in the interval.

EMPLOYMENT

In both countries the most serious aftermath of the depression is the large volume of unemployment. In Canada current statistics indicate a volume of employment slightly larger than in the same months of 1926. Population growth in the interval, together with the estimated volume of unemployment existing in 1926 suggest that an employment index number of 100 leaves 25 to 30 per cent of the total number of workers unemployed. The relative figures show that unemployment is not proportionately as large as in the United States but the ratio can not be considered favourable in either country. What has been said about farm prices however also applies in this field. Since the price relationship of Canadian export products is in better adjustment to world prices than are those in the United States it should be relatively easier for Canadian

industry to absorb the unemployed than it will be for the industry of the United States.

FINANCE

In the last Monthly Letter attention was called to the part played by the investor in the recovery taking place in Great Britain. There is clear evidence that the investor in Canada is doing a greater share to bring about conditions favourable to recovery than in the United States. Highgrade bond yields in Canada in the first half of 1935 were 38 per cent lower than in 1926 and only 5 per cent lower in the United States. In neither the United States nor Canada, however, has investment begun to have any marked influence upon construction and general activity in the durable goods industry. The construction figures shown are largely the product of government building. Industrial, commercial and private construction are still close to the minimum established during the depression. The other financial factors shown are uniformly favourable to Canada. Prices of common stocks have shown slightly greater recovery, and the number of shares traded is above that in 1926. It is quite surprising that Canadian bank debits should be above the 1926 level. This can be explained neither on a basis of price level nor on volume of business. It may be indicative of the greater relative volume of activity in the Canadian security markets.

THE ARGENTINE WHEAT CROP

Drought broken only by light rainfall has prevailed throughout the winter over the greater part of the Argentine cereal zone and has seriously reduced wheat acreage. If current estimates are correct the exportable surplus from this year's crop will be sufficient only for the requirements of other South American countries and there will be practically none available for European export. The latest estimates suggest crop of about 130 000 000 bushels of which 96,000 000 are required for domestic consumption and seed. It is reported that there is only a carryover of 18 500 000 bushels from the last crop. It is now too late for any further sowing.

The unusually dry weather has also caused other unfavourable developments. Many fields of winter wheat included in the following acreage estimates were sown early in the season and did not receive sufficient moisture for germination and in many areas these fields have been re-sown or lost. The

drought has also permitted the early development of grasshoppers and reports from northern districts indicate that destruction of wheat in the leaf stage is already serious. Unofficial estimates of the acreage sown vary from 12 000 000 to 15 000 000 acres compared with an actual area of 18 804 000 acres for the last crop. In certain parts of the country sowing of winter wheat was two months late and the drought and forests have reduced germination and prevented growth in planted fields.

In order to interpret the current statistics given above it may be of some interest to have the statistics of previous crops together with the exports in the corresponding years. Thus in the five years 1924-28 inclusive the crops averaged 249 million bushels and the exports averaged 147 million bushels. The remainder amounted to 102 million bushels. On the above basis there would be only 28 million bushels for export from the 1935-36 crop and the imports of other South American countries from Argentina averaged 24 million bushels of wheat and flour during that period.

Later statistics however suggest that in recent years domestic requirements have been reduced. From 1929 to 1933 the crop

averaged 228 million bushels and exports averaged 151 million bushels leaving only 77 million bushels for home requirements. If Argentina should consume 77 million bushels in the year 1936 this would leave only 54 million for export as compared with the five year average exports of 151 million bushels. Since the requirements for Argentine wheat in other Latin American countries in the four years 1929-33 (omitting 1932 because of Brazil's special arrangement with the United States in that year) averaged 32 million bushels this would suggest that there would be 21 million for export overseas as compared with an average of 127 million bushels available for export overseas in the two five year periods mentioned. On the other hand all professional estimates suggest domestic requirements of 96 million bushels in Argentina during 1936 and this would leave only 2 million bushels plus whatever carryover remains from present stocks of 18 500 000 bushels of exportable wheat. Thus where Argentina has recently been exporting overseas eight to nine million bushels per month during the next fifteen months there is apparently less than one and one half million bushels per month available.

Industrializing Turkey.

An Istanbul correspondent writes—Turkey methodically pursues the realization of her industrialization plan. Whatever the effects of her economic policy may be on the future of her own exports the policy of erecting powerful factories in the heart of Anatolia is being continued. These must be reckoned with by those who have been accustomed to consider Turkey as a traditional market for a certain number of manufactured goods. Among these factories the most important at the present time is the textile mill at Kayseri which was inaugurated on September 16 of this year. At the same time Turkey is more than ever bent upon increasing her military strength. Ever since the end of the Anatolian war she has endeavoured to combine the material development of the country with the strengthening of her forces. The building of her railway network absorbed a great part of her resources but because her leaders were soldiers and had a keen sense of realities they could not escape the necessity of putting national defence first. That such a proportion of new lines had a marked strate-

gic character was at one time decried as a waste of money. But in the light of contemporary events such measures are regarded here not only as justified but also as decisive steps which have saved Anatolian shores from the misery of war. The same outlook is at the root of the Industrialization plan. To explain it by economic considerations only would be absolutely wrong. One of its distinct characteristics undoubtedly resides in the fact that it will make Turkey self dependent in case of war all the more as a fraction of her factories—such as paper and chemical works—in case of necessity might be turned into war industries. Meanwhile the perhaps unexpectedly rapid growth of air forces throughout the world has caused Turkey to make a desperate effort to keep pace with financially and industrially better equipped countries. Up to date models are being purchased in great numbers and Turkish airmen are undergoing a constant and most serious training. The air tour which has just finished has been described and commented on at length on the front page of all Turkish dailies.

Economics in the West.

Flexibility of Central Bank Reserves.

London October 31st 1935—A characteristic of the post War effort of economic reconstruction in Europe was the widespread establishment of central banks. The structure and operations of a number of these have been described in various issues of the *Monthly Review* of the Midland Bank, and it will be recalled that the general practice was to impose upon them a legal obligation to maintain a minimum proportional relationship between their cash reserves and their demand liabilities. Usually their demand liabilities were defined as including sight deposits as well as notes while more often than not both gold and gold exchange were made eligible as cash reserves. Where as therefore before the War the proportional reserve regulation in central bank statutes was rare in the post War period it became fashionable. This was so not only in Europe but in more distant parts of the world especially in Latin America where the example of the Federal Reserve system was generally followed.

The past five years or so have seen numerous revisions or practical modifications of legal requirements concerning cash reserves. Moreover these changes have not been limited to post War central banks some institutions of far longer standing have been the subject of revision of existing regulations. Thus for example when the new relationship of the franc with gold was fixed in 1928 the old method of limiting the note issue of the Bank of France by imposing a statutory maximum was abandoned in favour of a proportional reserve system the new requirement being that a gold reserve of at least 35 per cent of note and demand deposit liabilities must be maintained. Later in the same year Great Britain took the opportunity presented by amalgamation of the Bank of England and Treasury note issues to incorporate a measure of elasticity in a system of fixed fiduciary issue which in foreign estimation at least had long been discredited. While apparent fixity was retained at the figure of £260 millions incorporated in the law provision was made for the figure to be raised by any amount by agreement between the Bank and the Treasury subject after two years to the ap-

proval of Parliament. Sweden provides a third example of adaptation to modern needs. The Riksbank operates under an unusual combination of fixed fiduciary issue and proportional reserve, and as recently as 1933 the fiduciary issue was further raised the law continuing to require a 50 per cent gold reserve against note issues above this figure. With singular enlightenment this added measure of elasticity was provided at a time when gold reserves were not only ample under the old law, but were actually growing.

These three changes which in contrast to several to be mentioned later, were not prompted by conditions arising directly from the world crisis have the common quality that they were designed to bring the gold reserve provisions more or less into accord with modern ideas. Another group of changes though associated in part with conditions arising from the world crisis constituted variations in the bases of currency systems. In Czechoslovakia and Poland for example the legal reserve provisions were altered in conformity with a fairly general trend away from gold exchange standards to something more closely approaching full gold standards. The central banking law of Czechoslovakia like several of the post War laws prescribed a progressively rising minimum reserve of gold and gold exchange against total sight liabilities which from the end of 1935 onwards would have been 35 per cent. Early in 1934 however when devaluation of the crown was undertaken the law was amended also in respect of reserves. The minimum ratio at that time standing at 30 per cent was reduced to 25 but deposits were deprived of eligibility as legal reserve, and the minimum must henceforth be provided in gold alone. Poland moreover without adopting any such emergency measure as devaluation, has taken similar action in respect of reserves. The law governing the Bank of Poland required a minimum reserve of 40 per cent, of which at least three-quarters had to consist of gold against all demand liabilities. Early in 1933 however the rules were altered and the legal reserve was made to consist solely of gold which must at all times amount to

ECONOMICS IN THE WEST

at least 30 per cent of demand liabilities in excess of £1 100 millions. Thus an element of the fixed fiduciary system was introduced along with reversion to a pure gold reserve and in net effect the stringency of the former rule was to some extent modified.

The opposite of this process of shifting from exchange standards to pure gold standards is visible within the area of the sterling group. Perhaps the most notable change here was one result of the special force with which the world crisis descended as a particularly early date upon Australia. The law governing the Commonwealth Bank of Australia prescribed a minimum gold reserve of 25 per cent against notes in circulation but at the beginning of 1931 while the gold holding was well above this proportion it became necessary to ship gold to London to meet external obligations. A temporary reduction of the reserve requirement was therefore enacted. In the early part of 1932 however, a more drastic revision was undertaken. The former figure of 25 per cent was restored but it was provided that sterling assets—that is balances in London banks and sterling bills with prescribed qualifications—should rank equally with gold in the maintenance of this minimum. Thus Australia is placed more definitely in the legal sense—though the practical position is in essence unchanged—on a sterling exchange standard without the restrictions implicit in fixity of exchange rates. Incidentally she is in the happy position of being able to earn a small income on the basic reserves of her central bank. From a world point of view Australia's change represents an economy in gold to offset in part the recent reverse movement in Europe expressed in a more or less general conversion of exchange reserves into gold. It will have been observed too that nearly all the new central banks of recent years—in particular those of New Zealand, India and Argentina—have power though not all unrestricted power to hold exchange along with gold as part of their reserves for fulfilment of legal minima. The period during which these banks have been operating is too short to show how far the provisions for exchange reserves will be effective in practice.

Reference to these new central banks leads to the observation that the general level of the percentage requirements has declined. The ratio fashion was set in the United States

with 40 per cent in the post War reconstruction period it declined to figures from 10 per cent upwards in the recent era of the sterling group. It has fallen further. True the figure for India is 40 but for Canada and New Zealand as well as for Argentina it is 25. In this respect the new banks carry into effect the advice—thus not altogether falling on deaf ears—of the Monetary and Financial Commission of the World Economic Conference of 1933 for that Commission recommended a lowering of reserve ratios in order to achieve some economy in the world's available and prospective supplies of gold and thus to impart greater elasticity to monetary systems.

The Commission's advice however has been translated into fact elsewhere for reasons other than deliberate choice. In a number of countries the pressure of the world depression has driven reserve ratios down below the legal minima prescribed by law. Probably the most extreme experience in this direction has been recorded by Germany where the Reichsbank largely because of heavy external debt obligations and a growing disequilibrium on the country's current payments and receipts found it necessary to draw heavily upon its gold and exchange holdings. Under the central bank law of 1924 a minimum reserve of 40 per cent was required against the note circulation and of this amount not less than three quarters was to be in gold while rather less stringent rules were laid down in respect of deposit liabilities. There was however an element of elasticity in these arrangements. The Bank's own General Council could suspend the 40 per cent minimum but if the reserve fell below that figure a tax became payable the rate of which increased as the cash ratio fell. More over as the cash ratio fell a rising rate of discount was to be imposed. These arrangements comprised a modified form of the pre-war Reichsbank system a system which could operate smoothly only in the sort of cycle of business conditions which the world had known before the War. It was quite unequal to the force of the world crisis in its special manifestation in Germany for strict observance of the regulations would merely have intensified Germany's difficulties. Accordingly they had to be put aside in September 1932 the penalty provisions both as regards deficiency tax and penal discount rate were suspended. In accordance with international agreements it fell to the

Bank for International Settlements to decide whether this suspension was or was not compatible with the Young plan of reparation payments but since that plan had already been in practice abandoned there was no difficulty in giving the most helpful answer. Following the suspension of the 40 per cent ratio the reserve continued to fall until it reached a level below Rmk 100 millions and at this level representing only two to three per cent of note issue liabilities it has remained for well over a year.

To mention other examples in Austria and Hungary the effective minima for gold and exchange reserves against demand liabilities were lowered to 20 and 24 per cent respectively. In Yugoslavia early this year, the minimum proportion of gold plus a limited quantity of exchange against all demand liabilities was reduced to 25 per cent and at the same time the central bank was given the power to write up its gold holding substantially in conformity with the depreciation of the dinar in terms of gold for purposes of computing the proportion. The Bulgarian National Bank too has given notice of a pending reduction in the minimum reserve requirement. Coming within the area of the sterling group, Denmark in May 1933 rendered the gold reserve regulations of its central bank somewhat more elastic in order to permit the freer use of gold to meet external payments already moreover the minimum reserve ratio had been lowered. And finally Italy a short time ago suspended the 40 per cent requirement of gold and gold exchange against note and other demand liabilities of the central bank, this step being enforced by the 'necessity and urgency of obtaining means of payment abroad of an exceptional character'. Since then the proportion has in fact declined to about 34 per cent.

The list of changes here enumerated may not be complete and certainly is not detailed but it is at least comprehensive and for that very reason significant. It covers countries maintaining their gold parities and countries which have long since departed from them, some within the sterling group and others outside it, some producing mainly primary commodities, and some highly industrialized. But there is this community of circumstance that nearly all especially those forced into action by the world slump, are debtor countries. This leads to conclusions which demand full recognition in formulating plans for future monetary and central banking

reorganization. Just as the monetary history of England in the nineteenth century showed the fixed fiduciary issue to be a fair weather system, so the widespread experiences of recent years have shown the proportional reserve system to be unable to withstand a major crisis. It has become apparent, too, that minimum reserve ratios can be lowered or even suspended altogether at times of crisis without intensifying the strain by public disturbance or panic. This fact, given its due weight does away with the greater part of the practical justification for legal minimum reserves. It follows that, where there are well managed and representatively controlled central banks, the best course is to leave the determination of the size of cash reserves to their unfettered discretion.

Our own system of a fixed fiduciary issue subject to the 1928 element of elasticity probably comes as near to this ideal as any yet devised but only if in practice the new elasticity is used under other than crisis conditions—only, that is, if the fiduciary issue is not in practice 'fixed' at all. Thus far the statutory figure has been increased only once, in the 'stram of August 1931, though the increase remained in force for nearly two years. If only for purposes of demonstration, then, the first opportunity should be taken of raising the fiduciary issue under relatively calm and prosperous conditions. This opportunity may present itself before long, for improving business has drawn larger quantities of currency into circulation, reducing the cash reserve in the banking department. To suggest that in these circumstances the Bank should buy gold in order to avoid an increase in the fiduciary issue—and this at a time when the Bank already holds far more gold than ever before in its long history—is to forget a radical change in our currency system, specifically designed in part at least to permit any desirable expansion of currency without regard to the purely incidental size of the gold reserve. Through storm and stress the world is learning that intelligent monetary control cannot be enforced by rigid rules which inevitably, sooner or later, break down. Our own authorities may shortly be able, by raising the fiduciary note issue of the Bank of England, to set an example of intelligent use of flexible currency arrangements which will be of high value in shaping plans for reconstruction of currency and banking systems throughout the world.

ECONOMICS IN THE WEST

CAPITAL CONSTRUCTION IN U.S.

One of the most hopeful because by experience reliable signs of recovery in the United States lies in the accumulating evidence of widespread and increasing capital construction whether it be in the nature of renewal or positive expansion. Early indications of the trend are to be found both on the monetary side of America's economic life and on the side of physical output. Considering briefly the physical data it is important that the aggregate value of building contracts awarded though still far below the grossly inflated figures before the slump is now running at a higher level than a year ago even more important for several months past a larger proportion of the current total has been accounted for by private building plans. Again the production of capital goods and materials is on a higher level than a year ago. This statement applies for example to trades producing machine tools, engines and similar products and even agricultural implements while among basic commodities the output of steel has undergone considerable expansion. For several months past it appears the twin processes of replacement and modernization have been gaining speed and providing an immediate stimulus to business. It seems likely moreover that this stimulus may retain its present force for some time to come for it was recently estimated that two thirds of America's machinery was more than ten years old while the standard of efficiency in machinery now available for industry has been raised during that period by proportions ranging as between various sections from ten to fifty per cent.

Some replacement and extension can be and is carried out without resort to the organized capital market. This is particularly true for example of a great deal of building and farm re-equipment while some corporate undertakings too have cash resources upon which they can draw for the same essential purpose. But the further the process advances the more it has to rely upon the raising of new capital by public subscription from the investing public. On this side of the picture the latest figures of new capital issues are encouraging the more so by reason of the deep bloom which has overhung the market for some years past. The returns show first that borrowers are obtaining welcome relief through opportunities of conversion and refunding of existing debts from burdens of interest which the fall

in the price level had rendered unexpectedly onerous. And secondly public authorities and business undertakings as well are beginning to take advantage of current low interest rates and the abundance of available funds to raise new capital for renewal or extension of their equipment.

On the whole the present upward movement of business in the United States seems more likely than its predecessors to prove lasting. Several factors have contributed to the more promising trend and circumstances in the United States at long last appear to favour the fruition of a liberal monetary policy whose eventual results though disappointingly delayed can hardly fail to be beneficial in America as in this country and elsewhere. Sooner or later in the absence of an economic revolution cheap and abundant money supplies are bound to stimulate capital works and thus to promote recovery. The danger in America is not that they might fail to do so but that they might lead by imperceptible stages to an excessively speculative position. The point at which to call a halt is never easy to determine it is particularly difficult to do so in a country where the natural ebullience of the population makes the exercise of restraint invariably a hardship and oftentimes denominated as a sin.

BRITAIN'S GROWING EXPORT SURPLUS

The experience of this country since the turn of the depression has conformed with that of many other countries in at least one respect that recovery has been concentrated in the internal field with comparatively little expansion in external trade. Great Britain's exports are estimated to have fallen since 1924-25 from nearly one quarter to about one sixth of her total net output of all commodities. Nevertheless this year's figures show an appreciable improvement in the turnover of external trade.

The total of imports shows practically no change both gross imports and re-exports being at the same level as a year ago. As between the main groups of commodities however some significant changes are observed. Usually a marked growth of imports of raw materials such as occurred a year ago is taken as a sign of industrial revival. Fortunately the relatively small shrinkage recorded this year need not be taken as a sign of industrial relapse. True the volume as well as the aggregate value of raw material imports appears to have declined on the other hand much of the

rapid increase at the beginning of last year represented the rebuilding of stocks consequent on the return of confidence with brighter prospects for internal trade. Industry is working at a higher level than a year ago but stocks which had run down during the depression have now been largely replenished and imports of raw materials though smaller in the mass give no general indication of any early slackening of industrial activity.

From the figures of external trade as a whole it is evident that on merchandise account Great Britain's balance of payments is considerably stronger than for some years past and thus despite the continued difficulty of obtaining payments from a number of countries the absence of any appreciable lowering of tariff and quota barriers to international trade and a succession of political disturbances. The result of the enlargement of exports is to bring down the merchandise import surplus from £158 millions for the first eight months of 1934 to £16½ millions for the corresponding part of this year. The comparable figures for 1931-33 were respectively £246, £185 and £160

millions. Among the invisible items in the account it seems unlikely that shipping receipts are substantially larger if at all this year than last, for, though shipping has been more active freight rates have declined. Probably, however, some further recovery has occurred in our income from overseas investments while other services, more especially those rendered to overseas visitors to this country, may have yielded more.

The position of this country as a potential lender of surplus funds abroad—whether that position is inherently beneficial or not—is thus being steadily restored and it seems likely that this year's full accounts will show a substantial surplus of current receipts over outgoings for the first time since 1930. For that year the surplus was £28 millions; in 1931 a deficit placed at more than £100 millions was recorded; the next year saw the true deficit nearly covered and in the past two years the account is believed to have been in equilibrium. It seems likely, from the figures already mentioned that this year a surplus similar in magnitude to that of 1930 will be yielded by the transactions on our current account.

Move to Popularise Nazi Books

Early in September the German Ministry of Propaganda informed the German Publishers Association in Leipzig that all products of publishing companies whether books, pamphlets, periodicals or music can be sold abroad at 25 per cent below the prices in Germany. Dr Goebbels' office was willing to pay the difference from Government funds. In addition Austrian, Czech, Slovak and Swiss booksellers were promised a 40 per cent rebate. This tempting offer was accepted by the Austrian booksellers. Only the Swiss refused. This move of the German publishers in co-operation with the German Ministry of Propaganda has created a certain anxiety in Austrian Government quarters as being in other form of Nazi propaganda attempting to push books in Austria and in other countries where German speaking people live. At the old high prices the mostly worthless new literature of Nazi Germany could hardly find customers; the reduced prices, however,

constitute a certain attraction. But besides the fear of its propaganda effect the Austrian Government watched with uneasiness this new German move as constituting a serious menace to the Austrian publishing business. The Government papers in Austria propose as counter measure a wide spread propaganda in the interest of Austrian books.

* * * * *

Every man is liable to err but it is only the part of a fool to persevere in his error.

* * * * *

A diplomat is a man that lets you do all the talking while he gets what he wants.

* * * * *

It is not necessary to criticise yourself too harshly—others will do that for you.

* * * * *

We hear a lot of the lion and the lamb lying down together but we don't hear whether the lamb ever got up again.

Notes on Rural Life.

By "A Son of the Soil"

In the death of Mr G K Devadhar, India has lost a giant social worker. Great in his aims he was greater even in his work. He was a devoted public servant in the truest sense of the phrase. He gave a turn to the work of the Servants of India Society in the non political sphere. Never once during the whole of his career did he give cause for even difference of opinion in the campaigns of ameliorative work he initiated or carried out. Whether it was in Bombay or in Malabar he inspired men to work with zeal with vigour and with intelligent interest. He was eminently a man of action. He believed what he undertook. Therein lay his success. The Seva Sadan at Poona is a monument to his work in one field of activity. In rural work he was one of those who early inspired action. The Society's field workers have lost a guiding hand by his death. India too is the poorer by the loss she has sustained by his premature disappearance from our midst.

Mahatma Gandhi writes on what he calls the fear complex in those who desire to work in the village. Village work—can it pay? How to live—without a monthly wage doled out? Is it possible to carry on—without schools for boys and girls in villages? These are some of the fears to which he refers—fears which keep away men from an active village life. He suggests that such workers should not—in a word—think in terms of city life when thinking of work in the village. He asks them to give up the idea of exploiting villagers. He tells them they should be patterns of virtue and work in the village if they desire to win through. He gives them a programme. Clean the village. play the village physician. sell unadulterated foodstuffs. direct attention to the village wastes and see what you can make of it and for education for children give home education yourself. The villager is afraid of strangers he says. he has been so long exploited that he feels that the stranger may mean another source of embarrassment to him. The average village in the condition we find it to day is not likely to spurn a good worker. If he is an educated man if he is bent on service and if he is

sensible he will soon find he has more than he can do. Our rural people are so good that they will soon find him a house help him with gifts of foodstuffs and meet his petty daily needs. One good man for a village—that would be a good rule to follow. The man would find much to do and much to learn too. As he learns he would become more and more useful to his rural friends. He can soon be if only he had the will. their guide, friend and philosopher. The village is to be loved first and then the rest will follow. *Dar piche rah gaya Aja*. (Fear has been left behind you come away and all will be safe) as the saying goes.

MD's weekly letters have shown the depth of the Harijan problem to some extent. But there appear to be really in this case depths within depths. What matters it? says the moribund townsman. But he is neither here nor there and it seems a pity that we should not even seem to probe this problem even to day when interest in the Harijans is so great. If you desire to think of rural improvement you must think of the Harijan in first and last. He is the one who stands most in need of help. The average rural agriculturist thinks well of him as a man—but not as a worker. There is need to make the Harijan know this. But he is capable of improvement if he will. he can do much more than he actually does to-day. Improvidence has made him what he is. He can be weened from it and for that you want intelligent selfless workers who can work with missionary zeal. The cure for his ills will then be found and he will then have his salvation. Dr Ambedkar has his life's work cut out here and not in seeking his end in another religion. That may mean anything but the moral material or religious advancement of his fellow men who have much more to lose than to gain by such change. Heroic remedies have their disadvantages and it is just reassuring to find that the worthy Doctor is seeing things from their correct perspective to day. At a rate there are signs of returning good sense in him to day if the newspapers are to be believed.

The latest idea developed is a village industries exhibition. Mr V. I. Mehta gives some idea of what such an exhibition held at Pandharpur was like. Nearly ten thousand visitors were there a fee of two pies per head being charged. The only articles sold at it were khadi blankets and rugs, packages of *jul* sweetmeats, pen knives, footwear, hand made glass bangles—all made in places not far away in Maharashtra itself. That is as it should be. The best *Swadeshi* is to buy from the nearest local manufacturer. The rural health and welfare section consisted of a display of a display of exhibits, models, charts, diagrams and posters arranged by the Bombay Presidency Health and Baby Week Association. This section we are glad to note included a set of exhibits of all types dealing with pure food products, setting forth their contents in terms of vitamins and other constituents. Other charts and posters showed the comparative advantages of hand pounded unpolished rice, of hand ground flour of *ghani*, pressed oil of *giri* of soya beans etc. This section also included a latrine suitable for villagers designed on the trench system with leaflets pointing to its cheapness and the advantages to be derived by adopting it. Exhibitions like this

would prove more and more instructive if steps were taken to make them a regular feature in connection with rural work.

Madras is forging ahead in its endeavour to help the rural debtor. The speeches made at the Sixth Annual Meeting of the Central Land Mortgage Bank show that the question of relief of rural indebtedness is receiving continuous attention of those interested in rural well being as a whole. Co-operative credit has shown the way but has not solved the problem. Land Mortgage may improve the position but until the Government wholeheartedly enters the arena there are bound to be aspects of this problem which will remain for long unsolved. Legislation can help to some extent. But it is not all. A financial agency is necessary to work even a debt conciliation act. That is where the difficulty of the problem lies. A comprehensive agency embracing the whole territorial area of Madras—i.e. of the Province or Presidency concerned—is necessary if the scheme is to prove successful. Funds are required and the idea of depending on mere debentures may not mean much. This aspect of the matter requires closer attention than it has had so far.

Economic Notes.

Sir Basil Blackett.

The untimely death of Sir Basil Blackett, KCB, KCSI on August 15th removes a man to whom India is greatly indebted. His death took place in Germany as the result of a motoring accident. His car was run into by a train at a level crossing. Sir Basil and a lady companion were both injured. Both were removed immediately to hospital where despite an operation Sir Basil succumbed. His companion was less seriously injured and is recovering.

Between 1922 and 1928 Sir Basil was Finance Member of the Executive Council of the Governor General in India during which period he was instrumental in carrying out reforms which placed him in the front rank of those who have been associated with India's finance. When he arrived in India the War, bad seasons and unstable exchange had caused the Government of India to be faced for five years in succession with deficits which totalled something like Rs. 100,00,000.

Sir Basil attacked the problem with tremendous energy and by sound schemes patiently formulated and persistently fought for effected a complete transformation. His budget of 1928 showed that he had found a way of clearing the deficit and of promoting important financial developments without resort to increased taxation. The late Pundit Motilal Nehru once described him as a cheerful cherub with the methods of a steam roller and he was by common consent regarded as one of the ablest men whom Great Britain had ever sent to India.

The Marquess of Reading in a special message to *The Daily Telegraph* said—

I am deeply distressed by the grievous news. Sir Basil will be sadly missed not only by his friends but by all who appreciated his undoubted knowledge, experience and capacities particularly in relation to finance and economics.

He accompanied me on various missions to the United States and rendered most

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valuable assistance. Later he came to India as Finance Member and beyond all question gave great service in building up India's financial stability and credit. His loss will be profoundly mourned by his friends. His sterling and generous qualities of heart endeared him to all who were brought into intimate contact with him.

Other tributes paid to Sir Basil included India when Sir Basil was Viceroy of financial crisis). Sir Basil Blackett's great services both in India and at home, his friends were looking forward to opportunities of even greater usefulness over a wider field. The country can ill afford to lose a counsellor so public spirited and so devoted.

By his untimely death at the age of 53 a brilliant figure in international finance will be missed.

BRITAIN'S ECONOMIC RECOVERY

In a survey of British commercial policy published recently by the Federation of British Industries it is made abundantly clear that the policy of protection adopted by the National Government has worked out satisfactorily. To quote—Industrial protection has been a success since it has been designed to give protection to industries which are economic and efficient. The fears expressed in the past that industry would use a tariff as a shelter for inefficiency and for the purpose of exploiting the consumer have not been realized. Equally, so the cost of living index which it has been alleged would rise in consequence of a tariff has not been affected thereby and remains stationary.

In a statement of conclusions it is set forth that—The main conclusion to be drawn from the survey is that our commercial policy taken as a whole has secured a remarkable degree of economic recovery for this country as compared with that of other countries during the same period. In the home market the consumption of domestically produced goods has substantially increased in the Empire markets. United Kingdom exports have advanced both in value and as a percentage of our total exports with the Trade Agreement countries. British exports have also gained ground. It is a fair deduction from this state of affairs that the best course for Great Britain is to continue and extend the policy which H.M.G. has pursued with success during the last few years.

Prior to leaving India for London where he arrived recently, His Excellency Ali Muhammad Khan, the Afghan Minister in London and representative to the League of Nations who has been on leave in Afghanistan, stated in an interview that he had noticed that many changes had taken place in Afghanistan during the two years that he had been outside the country. Discussing the country's future, he summed up the problem before his Government as that of making extremes meet. A few years ago there were many who could not tolerate even schools; now there were some who questioned why Afghanistan did not have her own big industries. It was necessary, for some time to come, to hold the balance between these extremes. He had found a great general awakening in the remotest parts he had visited and was sure that given some years in which to work, our national programme in our own way, we will have reached a stage where every citizen knows his duties and after which progress will be very rapid.

BRITAIN'S BEST CUSTOMERS

The value to Great Britain of India the Dominions, colonies and protectorates of the British Empire as markets for her products is clearly shown by figures for 1934 published on the cover of the June issue of *The Empire Producer*, the journal of the British Empire Producers Organization. These are so striking that we reproduce them here with the various countries rank in the order of their purchases and it is significant that six Empire countries or groups take precedence over the largest foreign buyer, the United States of America.

Order	Exports to	Value in Millions of £	Percentage of Total
1	Colonies and Protectorates	40.99	10.35
2	India	36.68	9.26
3	South Africa	30.25	7.64
4	Australia	26.50	6.63
5	Canada	19.72	4.98
6	Irish Free State	19.53	4.93
7	U.S.A.	17.57	4.44

The Ottawa Agreements have undoubtedly contributed to this result for they were designed to bring about an expansion of intra Empire trade. It would be more satisfactory if the Colonies and Protectorates are shown individually.

THE HIMALAYA BARRIER

The physical obstacles to communication across the Himalaya were discussed in a lecture given by Professor Kenneth Mason before the Royal Geographical Society on November 4. After reviewing the growth of communications across Asia during recent years Professor Mason said it seemed to him that the Himalaya would always remain a pedestrian's paradise. Roads fit for motor vehicles could be constructed across the plateau of Tibet and the Pamirs to the northern foot of the Himalayas or Karakoram without any great difficulty but it was the gorges through the range and the weather worn southern flanks which formed the most formidable barrier to motor traffic. Professor Mason maintained that motor roads and railways have been developed as far as they are economically justified but that political and physical obstacles combined with technical difficulties to prevent air development across the Himalaya barrier. He saw no prospect of air development until the crossing could be made in artificially warmed multiple engined air liners with a ceiling of 40 000 ft in one hop of 1 000 miles or so.

ANOTHER SUGAR FACTORY IN MYSORE

The question of starting another sugar factory in the Bhadra Canal area is being considered both by the Government of Mysore as well as the people of the Shimoga and Bhadra districts. Recently Mr V. J. Kusha a sugar expert from Calcutta was in Shimoga to study conditions there preliminary to the starting of a sugar factory. He visited Anjanapur Sulekere Showlange and the Bhadra Channel area. He saw good prospects for improving sugar manufacture with the aid of the Hebbal Mysore 3rd a special variety of cane evolved by Dr V. K. Badami the Economic Botanist to the Government of Mysore. Application for the necessary licence under the Mysore Regulation Safeguarding Sugar Industry has been preferred and Government is considering the quest on seriously. The prospects therefore of starting a new sugar company in the Bhadra Channel area are bright.

EGYPT'S TRADE WITH JAPAN

Japan has lost no time in initiating negotiations for a new commercial treaty with Egypt and pourparlers are now in progress following the arrival of a Japanese delegation in Egypt last week. It will be recalled that Egypt denounced the existing commercial treaty and owing to the expansion of imports from Japan found it necessary to put a substantial exchange compensation tax on Japanese cotton goods.

It is not to be expected that the negotiation of a new treaty will be easy though in the light of the trade figures for the present year Japan will be able to make out a better case than would have otherwise been possible. The fact that the one way trade had been operating to Japan's disadvantage had been realized and during the present year efforts had been made to redress the balance.

Thus while for the past eight years Japan has had a favourable trade balance which was as much as £1 572 000 last year, for the first six months of the present year there was a balance in favour of Egypt of £366 000 owing to smaller exports from Japan and larger purchases of Egyptian cotton. The development is significant and it will be interesting to see whether Japan endeavours to placate local sentiment in other Near and Middle East markets where at present the advantage is all on her side.

MYSORE'S TRAVELLER

A very energetic man is Mr C. Ranga Natha Rao Saheb the trade representative of Mysore. Here is a selection of his activities in the last few months—

Bought machinery in the North of England

Flew to Warsaw to buy stud horses

Arranged big oil contracts in Moscow

Established trade offices for his country in China and Japan

Negotiated a trade agreement with Germany

He does not overlook opportunities. In the opening of South Africa House he saw a chance of a little reflected glory for Mysore and provided a kerb of Mysore granite at the entrance.

Educational Notes.

By B Venkatesa Sastry, B A, B T

Education Week

The Second Bangalore Education Week which was recently held at Bangalore was organized by the Bangalore Educational Association. The programme of the Education Week included among other items Public Lectures on Educational topics, Educational Exhibition, Competitions in Sports for school pupils, Tennis Tournament open to teachers and students, Elocution and Recitation Competitions for students, Conferences of Teachers and Educational Officers and Parent Teachers Meetings held in various localities of the City.

His Highness the Yuvaraja of Mysore graciously inaugurated the Education Week with a brilliant speech covering the exposition of many outstanding problems of educational interest. The inaugural function which was held in the spacious Sir Puttanna Chetty Town Hall was attended by a very large number of teachers, educational officers and others interested in educational progress.

Sir Martin Forster F.R.S. delivered an interesting Presidential Address of the Education Week. Prof. K. S. Vakil M.A. (Leeds) F.R.S. (Retd.) of Kolhapur delivered a thought provoking address on Educational Reconstruction which was attended by a large number of teachers and others.

Sir C. V. Raman F.R.S. & F.R.S. Director Indian Institute of Science Bangalore opened the Educational Exhibition at the Laboratory Buildings, Highgrounds before a large gathering of the citizens of the City. The Exhibition had in it the work of fifty-five schools represented with about two thousand exhibits of high quality. In addition to the above there were also exhibits from the schools of the C & M Station Bangalore, Sisu Vihar of Mysore and the Indian Institute of Science Bangalore. Besides Radio and Broadcast Music there were dramatic musical games of school children, vocal and instrumental music and such other items of entertainment provided at the Exhibition. The Exhibition which was kept open for a full week attracted a large number of people.

The symposium on Local Bodies and Educational Administration evoked much interest and was largely attended. Raja Kiryapavina P. G. D. Souza B.A. B.L. presided over the meeting and Messrs. Navaratna Rama Rao B.A. B.L. B. Putta Swamy B.A. B.L. K. Venkataswami Iyer B.A. Mahamud Davood B.A. and R. Jagannatha Rao B.A. & L.T. spoke on the various aspects of the subject.

Prof. E. G. McAlpine M.A. J.P. presided over the Conference of Teachers and Educational Officers (Secondary and General Education section). Six papers of educational interest were read and discussed. Dr. K. N. Kim M.A. (Hons.) A.M. Ph.D. in Edn. presided over the Conference of Teachers and Educational Officers (Primary Education section). The Conference was very successful as the six papers presented by experienced teachers evoked much interest and long discussions.

The Sports competitions were very popular. The pupils of the several schools in the City having had a very pleasant time for three days either participating in or witnessing the several items of the competitions which took place on the spacious grounds of the Fort High School. On the day of the Finals Physical Culture Demonstrations were also held. The pupils of the National Institute of Physical Education under the direction of Prof. B. Srikanthiah and the students of the National High School under the direction of Mr. K. S. Nanjundiah gave useful demonstrations of physical strength and endurance as well as musical drill. More than two thousand spectators witnessed the Sports Finals competitions and the Physical Culture demonstrations. Seven High Schools and fifteen Middle Schools of the City participated in the sports competitions.

Another item on the programme in which a large number of students of the city evinced much interest was the Elocution and Recitation Competitions. The preliminary competitions were held in three centres in the city and the Finals came off in the Sir Puttanna Chetty Town Hall. In all more

than about hundred and five boys and girls of the local High and Middle Schools took part in the competitions

Parent Teachers meetings were held in three localities on one of the days in the Week. Mrs. K. V. Anantharaman presided over the ladies meeting at the Vani Vilas Institute. Mr. M. Seshadri MA presided over the meeting at Malleswaram and Diwan Bahadur T. Bhujanga Rao MA BL of Madras over the meeting at Basavangudi. Miss M. D. Butler BA Mrs. Iqbal Unnissa Begum BA Mr. Ramachandra BA MLC Swami Siddheswarananda and Messrs. C. K. Venkataramiah MA LLB R. K. Singameswaran MA LT B. Lakshmi narayana Rao BA and others spoke on various educational topics of common interest to parents and teachers.

On the last day, i.e., the day of the conclusion of the Education Week, Raja manthrapravina S. P. Rajagopalachari BA BL, Member in Charge of Education, Government of Mysore, presided and gave away the prizes. The function was held in the Sir Puttanna Chetty Town Hall and was very largely attended.

Thus the Education Week in Bangalore was a week of educational propaganda and educational work in which a large number of teachers, educational officers, parents, students and the general public took part and showed great enthusiasm and interest. The effects of the activities of the Education Week as Rajamanthrapravina S. P. Rajagopalachari BA BL, who kindly presided on the occasion of the conclusion of the Education Week, said in his inspiring speech, could not be measured by any immediate benefit. The value of the teacher and the important role that he played in national work were well recognized in these days. The great need at present was to bring home

to the public the need for a proper support of the educational efforts made by the various authorities concerned in the matter.

EDUCATION OF THE ADOLESCENT

In a recent session of the New Education Fellowship held at St. Andrew's University, one of the important subjects that came up for discussion was the problem of making the education of the adolescent child effective even after the child has left school.

It will be realized that a large percentage of the pupils leaving Secondary School enter factories and such other business firms to earn a living where they will be expected to work longer than they did at school. These changed circumstances tell upon their leisure. They become indolent and show no interest whatever in the evening classes of the Continuation Schools that they attend.

It was suggested that the child should be given while still at school the training which will fit him to look forward with interest to a continuation of chosen studies after he has left it. The teachers should encourage children to have ideas and to take means to express them. By drawing what he wants to draw and making what he wants to make a child can be led to achieve rapid improvements in the form and proportion of the medium of expression. Thus a child leaving school with a sense of his own ability must be provided with opportunities for further development and encouraged to take them. It was felt that ample choice of post school studies should be provided. Evening Schools with their grouped courses, rules, formality and lack of friendliness must be done away with and in their places club institutes in which there will be less formality and more freedom should be formed to which young people would be proud to belong.

ECONOMIC PROGRESS IN PALESTINE

In the recent lean years the economic progress made in Palestine has stood out in bold relief. It is an axiom that everything changes and it is not unnatural perhaps that there should be questionings at this time as to the prospects of the continuance of Palestine's enviable prosperity. While it may be admitted that there are uncertain

factors in the situation there is no sound reason at the moment for not entertaining a hopeful view as to the immediate outlook. Immigration is continuing and capital is still flowing into the country and the progress that is being made in industrial development suggests that everything possible is being done to insure that ultimately Palestine will be able to stand on her own feet.

Current Comment

By "Scrutator"

The Italo Abyssinian War is going through its second phase. The Italians will soon find that things are not so easy as they thought it once was. The weary path of war is always dangerous. In the case of Italy the Abyssinia it is especially difficult. The tightening up of the Sanctions with moral support of the United States might mean more than it seems at first sight. Italy may flout, may belittle, and even fight the Sanctions out by doing without many essentials. But the war cannot be won by such means especially a modern war. Hence its eyes are fixed on France and the negotiations at Paris. What may come of these talks it is premature to say. But one thing seems certain that Italy will not have all its way. It cannot win by negotiations now. If the lesson is learnt that a nation cannot flout the League in the manner Italy has done that would be something achieved for modern civilization.

The enormous staff that is issuing from the European Press on the Italo Abyssinian War is proof positive that it is so much hated to day as a war. Everybody is tired of this modern mode of dealing with enormous masses of humanity which would live and prosper if it got a chance. Even this war of Italy—the most aggressive—the most unjust and the most unwanted—the Dictator have come about if Mussolini—the Dictator of Europe—had not been it is said encouraged to hope for large gains by means of a war. A recently issued book on the foreign policy of one leading European nation shows that but for this encouragement Mussolini would not have any backing in his own country. It would appear the Italian King were against the Council and the Italian people were against war and would have held this encouragement. Mussolini had not had this encouragement. It would also seem that the nations of Europe are still indulging though not frequently in the old practice of influencing countries and creating spheres of influence etc etc without the countries affected being directly consulted in matters so essential to their own. The League has till to

assert itself—and this it can do more effectively if its leading lights stood out for perfect candour in international affairs and especially in matters affecting the fates of ancient Eastern lands or their interests. Once they gird up their loins to achieve this one single objective many of the conflicts that seem inevitable to day would be avoided. Will Europe settle down to the policy of the League and what it stands for—in Europe and outside of it—or will it dally with it merely and go on merrily as ever before with what results we now seem to realize to some small extent from the Italo-Abyssinian conflict?

The suggested move for ending the Italo Abyssinian War on some agreed basis that has been talked of in Paris is one to be commended. The Italian position whatever it is, is not one that could throw off such a suggestion. The Duce is known to have made certain minimum proposals in a guarded and secret manner. Be that what it may, the fact that he is not against peace proposals indicates that he has much to gain from a tactical move like that rather than anything. It is a suspension of hostilities that can be agreed to the possibilities of an agreed settlement may not prove altogether hopeless. It is necessary that there should be peace talks to go on on a secure footing and on both sides in regard to their willingness to abide by arbitration as it were. The reported exchange of territories between the combatants with an outlet to the sea for Ethiopia may perhaps lead to a solution of the present impasse. But it should be remembered that the Ethiopians should not be made to lose more than they would have had to if the war had not been precipitated in the manner in which it has been by Italy. In other words the world would expect that the League should see to it that Italy is not allowed to gain anything by virtue of the unjust war she has begun.

At the last meeting of the Indian Sugar Mills Association held in August last almost

the first resolution adopted related to the conversion of molasses into power alcohol to be mixed compulsorily with petrol. Since then the question has not advanced further. Mr Birla in his Presidential Speech referred to this matter and made some cogent remarks. One of the most important uses to which molasses could be put he said is the production of absolute alcohol which has got a huge potential market if only the Government would make it compulsory for petrol to be used with an admixture of a certain percentage of absolute alcohol. This will reduce the measure of our dependence on sources outside India for such an essential commodity as petrol and by also cheapening its price result in a great saving to the country. If the Government countenanced the proposal and issued the necessary licence even the existing distilleries could he said take up much of the molasses and even additional capital would be forthcoming for the establishment of more distilleries for the manufacture of power alcohol. The question is one of importance and calls for an early decision. Sugar companies would become a source of danger to public health if they begin to dump the molasses on the country side. On the other hand refusal is the delight of the manufacturer. That being so it is up to the industrialists and the Government to come together and hit upon a *modus operandi* which would help towards a solution satisfactory to all sides—the industrialists, the Government and the public. The need for a lessening of the price of petrol is great if the country is to progress. If a cheapening could be secured without unduly interfering with Government's financial position there is need for going into the matter in a sympathetic spirit. In Indian States too the problem of the uses of molasses is becoming one of great importance especially with a State like Mysore where the Government is directly interested in the manufacture of sugar. This only makes the problem a pressing one from another point of view.

* * * *

As I close these notes the papers are publishing the several memoranda that have been submitted to the Special Indian Tariff Board. As expected the Lancashire Delegation strongly urge uniform reduction in *contra* the Indian Millowners of Bombay and Ahmedabad strongly plead for the retention of the present scale of duties. The

Lancashire Delegate speaking for the whole of the British Industry suggest they stand for the promotion of mutual trade. They point to the advantages enjoyed by India by the tariff concessions given to Indian products in Great Britain. This seems illusory that they would have done well to have dropped it. Apart from this their main point seems to be the increased consumption of Indian cotton in Britain. That is no doubt something tangible but that is a question that would be viewed from a different point of view by the Indian textile leaders. The consumption of Indian made goods in Ceylon, Straits and Mauritius is also referred to. That again, has a history of its own. The main issue is whether India should be self sufficient in regard to meeting her existing and growing demands? Whether India should provide for development or not? Whether India should increase her trade so that she might find further employment in all grades for her own nationals. The Millowners apart that is the primary question. The Delegation is against specific duties on their goods whether of weight, area or counts of yarn or any two of these bases in association. They want what they style a genuine tariff reduction—for they suggest that if apparent reduction is offered in the form of duties we believe that it would prove to be more restrictive on our trade than advantageous to it. They also urge a reduction in the duty on yarns suggesting that such a reduction would not adversely affect Indian industrial interests. The Millowners point to the Japanese and Chinese competition against Lancashire goods in India. They urge also that the duties last imposed have just helped to keep the Indian industry alive. India they add has not benefited so far from the Trade Agreements. They think too that duties should be sufficiently high on all classes of goods to establish a fair competitive position so that development may be rendered possible. As we have said the position is not one to be solved as between two competing classes of traders but as one affecting all classes of people in India and the employment required by them in every sphere of industry that could be developed. And textiles offer the first and foremost scope for such development and any yielding of the Indian position in this connection should require the very closest scrutiny.

co for the cost of labour for a wage labourer and his far sized family the normal and under normal conditions. In 1907 the rate fixed was 4 s per week. Further the cost of labour has been raised by 10 s per week. The author has been able to show that the cost of labour has increased and has different stages as declared at different times. It is 190 that the Basic Wage Commission fixed £4.50 per week for a family consisting of man, wife and one child. Since then the attempts either to reduce or increase the rate have not been successful for the reasons stated by the author. It is interesting to note that the cost of labour in 1907 was 4 s per week, while in 190 it was 4 s 5 p per week due to the greater purchasing power of the former.

The book gives a slight glimpse of the difficulties and obstacles that beset the path of the people to earn their living and the ways of fixing the wage level in a democratic society.

B M L

Family Budgets 1933 1934 of Six Tenant Cultivators in Lyallpur District

B Kartar Singh

A second publication of the kind issued by the Board of Economic Enquiries Punjab. Mr. Kartar Singh enquires into the economic expenditure of six tenant families relative to the period 1 June 1933 to 31st May 1934. The authors are suffering from want of adequate data to enable them to state the national economic conditions of the family. Budgets are all welcome. On the expenditure of a family the Board of Enquiries has found that food is the largest item of expenditure, about 60 per cent of the total expenditure. The household and travelling expenses are in the order of 10 per cent. It is further interesting to note that the food of these families is relatively better and compares favourably with the diet of the Chinese and American farmer and does not fall short of the standard of the farmer of Canada and the labourer of Japan. The figures show that the expenditure has decreased on account of the fact that the cultivators had to save something from their income as they had to spend more on food. In this case the decrease in the amount of food corresponds with the decrease in the expenditure on dress. One sad feature disclosed by the investigation is the expenditure on education. The fact that only 0.3 per cent of the income is spent on education is a family's subnormal state of the Indian universal literacy. On the side of income the investigation shows that the families have derived their income mostly by cultivation, while the sale of milk, shares from the planting of cotton, earnings by carting the produce and wages of labour contribute but to a little extent. In considering the financial position of the tenant, the authors are left with the basic problem of rural indebtedness. The budgets of all the families show deficits ranging from Rs 147 to Rs 403 the average being Rs 221. Here one realizes the author's hope that the people press as to how long these people can go on running losses. The question arises as to whether

fact that deficit has been these cases met by the rent of land reduced by then and by not paying depreciation charged on the value of the stock and implements.

B M L

The National Recovery Act An Analysis

By Benjamin S. Karsl Central Book Co. New York

At the time the talks of Planned Economy have become the fashion of the day a book of this kind ought to prove of immense value. Within the space of a few short chapters the author gives a lucid language the necessity for and an explanation of the National Recovery Act passed by the Legislature of the U.S.A. for the purpose of surmounting the prevalent depression and to lead the country into prosperity. We get in this analysis an insight into the earnest attempt made by the American Government to attain a planned industrial democracy in which provision could be made to stabilize industry at a profit making level for employers to increase employment to limit production to fix minimum wages and maximum hours of employment and to promote small enterprises by discouraging monopolies. To accomplish these purposes the law contemplates industrial self-regulation by management and labour under Governmental supervision. The author claims that the Act has made the principles and standard of labour for which labour has long fought to become part of the law of the American Nation by giving the worker a voice in the management of industry. In short the author hopes to find in the Act a balm to cure the evils from which social economy has been long suffering. It is with time to settle the fate of the Act. However the book ought to prove a useful guide for working out any scheme of planned economy.

B M L

Book keeping

By D. D. Davar and J. D. Pastakia Parts I & II Oxford University Press Rs 7

The authors have attempted the difficult task of arranging and presenting in an understandable manner the fundamentals of Book keeping in this book. They have developed the subject in a manner susceptible of easy grasp by beginners in Accountancy. The use of this book might mean great advantage to those who cannot get direct practical tuition. A dry subject like Book keeping requires a mode of treatment which entirely depends for its excellence or otherwise on the authors of publication. Chapters like the one on 'Correspondence Accounts' dealt with in this book show the capacity of the authors to make even Book keeping interesting. Each chapter ends with an exhaustive list of theoretical questions, attempting to answer which the student is likely to master the subject matter. Besides selecting problems from various examination papers have been included at the end of the book. Candidates appearing for the different examinations are bound to find this selection highly useful. A handy and compact volume well written and well printed thus deserves to be in the hands of every beginner in Accountancy.

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Review of Indian Finance (1927 1934)

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B M L



A New Approach to the Vedas

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Historical Sketch of Telugu Literature

By T. Rajagopala Rao B.A., L.T. The C.L.S. for India Madras Re 1/8

This is a commendable attempt at the writing of a history of Telugu literature by one who has spent many years in studying it. It is written in the modern critical spirit. Modelled on Stopford A. Brooke's *Primer* it is written in a simple and convincing style, the author's opinions and views being his own. That he has brought his independent judgment to bear on the consideration of disputed literary points is clear in many places. A notable case is the one which relates to the authorship of *Ashtakavya* which he correctly judges is a work of King Krishnaraja of Vijayanagar and not of Allasani Peddanna the latter's poet laureate. Mr Rajagopala Rao brings up his account to about 1800 which shows the large ground he covers in his book. To college students and to those interested in Telugu literature this sober study of a vast literature should be particularly welcome.

Muhammadian and Christian Dates.

By Lt Col Sir Wolsley Haig A.C.I.E. Messrs Luzac & Co London 2s 6d

This is a useful little volume enabling one to find the exact equivalent of any day in any month from the beginning of the Muhammadian era. There are three comparative titles included in it. The first one contains three columns. The first column contains every year of the Hijra Era from its beginning (July 16 622 AD) down to the end of the 20th century. The second column gives the years of the Christian Era, leap years being marked by an asterisk and the date in each year on which the corresponding year of the era of the Hijra began. The third gives the number of the days of each Christian year which had elapsed before the year of the Hijra began. The second table gives the months of the Christian year and the consecutive numbers of days of both common and leap years. The third gives the months of the year in the era of the Hijra and the consecutive numbers of days of the year. A volume that is bound to be used by research students in Indian history and by those interested in the study of ancient Muhammadian documents generally.

Selections from Tukaram

Edited by Dr W. S. Deming The C.L.S., Madras Price Rs 2

Dr Deming represents in the study of Tukaram prefaced to this book the new spirit that dominates Christian feeling and writing in India. It is the spirit of study of reflection and of personal interest in the writings relating to religions other than Christianity. Dr Deming himself refers to this spirit (at p. 34) of his intro-

ductory essay. Those who know Hinduism at its best he says realize that it is the pilgrimage of countless seekers after God. That is as it should be. Dr Deming presents a selection which is well done—it is both representative of the spirit and teaching of Tukaram. Every devout person—Hindu, Christian, Muhammadian or Buddhist—may buy a copy of this inexpensive book and begin his day by reading a verse from it. It is a well conceived and well executed book bound to go far in India and beyond it.

Parables of Rama

Edited by B. R. Bhatnagar M.A., L.T., Secretary Rama Tirtha Publication League, Lucknow Rs 2

This is a classified collection of the stories or illustrations of Swami Rama Tirtha from his complete English work with morals drawn at the end of each story. Swami Rama Tirtha's works five editions of which have been published are well known to students of religion in India. This collection of stories representative and comprehensive will fill the useful purpose of making his writing even more popular. 171 stories are given in 27 chapters covering 472 pages in all. That will show the value of the book. The table of Contents and Index both well arranged ought to prove helpful. A story a day in the morning or at bed time would prove a spiritual tonic to most people who have work before them or who want to lose themselves in a good thought. A volume of value worthy of a place on every readable table in households and worthy of translation into the leading vernaculars of India.

The Secret of Anāl Haqq

By Khan Sahib Khaja Khan B.A. Hogarth Press Mount Road Madras. Published by the author 69 Jami Jehan Khan Road Royapettah Madras Rs 2

The author of this book is a well known student of Sufism, a sect of Muslim mystics who taught—despite the fundamental creed of Muhammadianism—that the soul is the direct emanation from the Deity and is therefore subject to the ecstasies of Divine inspiration. It is sometimes called a doctrine of the Dervish community of which the Mahdi is high priest. But its connection with the Vedantic doctrines current in India is to-day appreciated better. But greater even will be that appreciation when the selfless labours of persons like Khan Bahadur Khaja Khan Sahib lead to the study of Sufism on rational lines. The present abridged translation from the Persian of *Isalad ul Arifin* of Shavkh Ibrahim of Shakarkote adds to the great reputation that Mr Khaja Khan has for long enjoyed as the translator of *Tasawwuf* and other works. Maulvi Muhammad Badul Alam Sahib M.A. of Chittagong writes an interesting Foreword in which the life of Saint Mansur (Hallaj) who suffered martyrdom for his esoteric faith is set out in an impressive manner. His declaration *Anāl Haqq* (I am the Truth) sums up the Sufi way of thinking and the Sufi doctrine of emanation of the individual soul from the Supreme Soul. Mr Khaja Khan compares the teaching of Shaykh Muhammad Ibrahim—an Anāl Haqqwala—to that of the German idealist Schelling. Only while Schelling's is not a finished system, but of a

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